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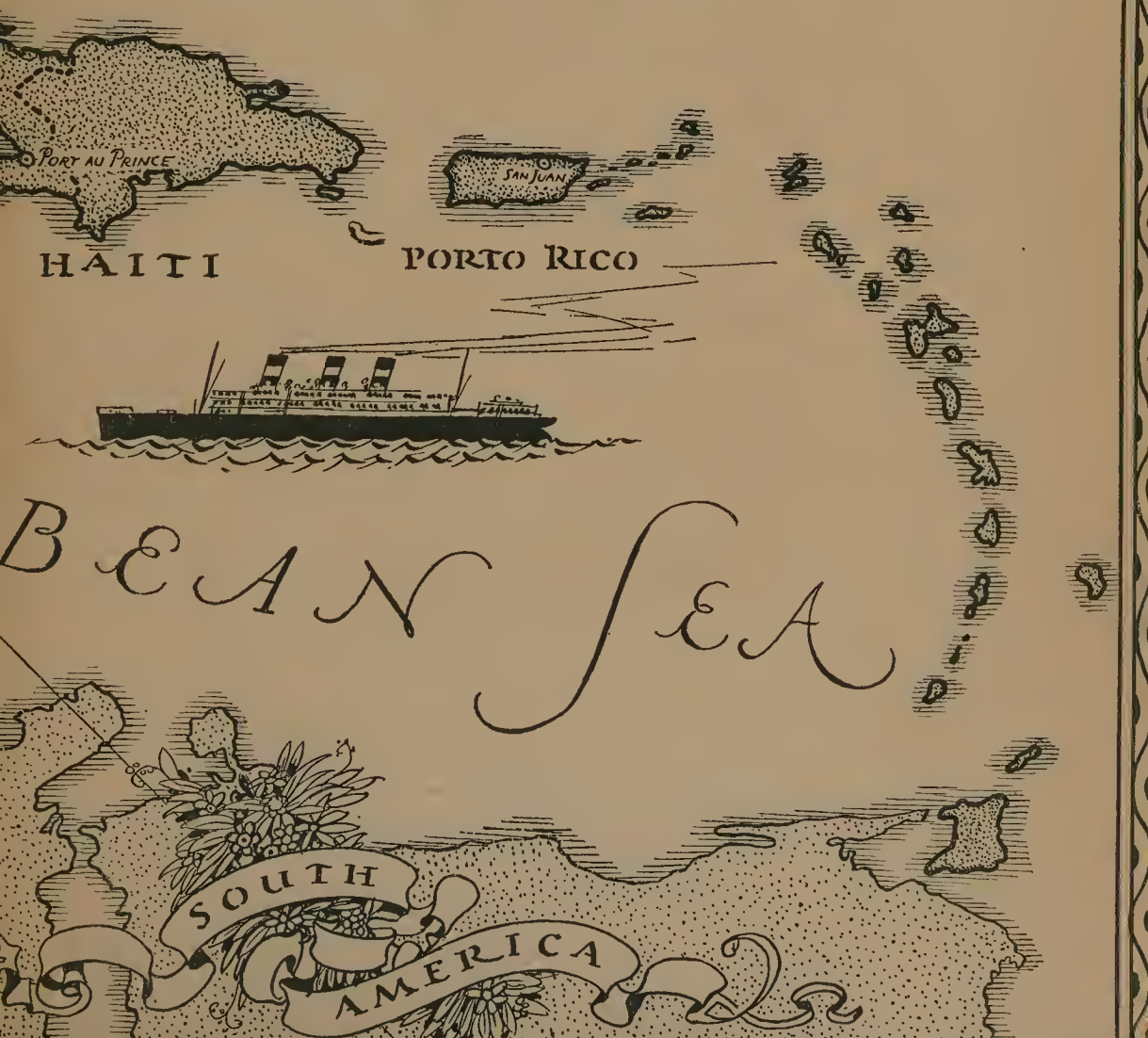

THE ROMANCE AND RISE OF THE AMERICAN TROPICS

BOOKS BY

SAMUEL CROWTHER

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WHY MEN STRIKE

THE ROMANCE AND RISE OF THE AMERICAN TROPICS

Aspects of two civilizations. A banana pack train among the Mayan monoliths of the fourth century, at Quiriguá, Guatemala.

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THE ROMANCE AND RISE OF THE AMERICAN TROPICS

BY

SAMUEL CROWTHER

ILLUSTRATED WITH
175 PHOTOGRAPHS

GARDEN CITY, NEW YORK
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A FOREWORD

For four and a half centuries the white man has battled against nature and against his fellows in that region between Cancer and Capricorn which forms the American tropics. And nature until lately has always won. Only now is man gaining a measure of mastery.

The curse of the tropics is poverty—a startling poverty existing amid splendour.

Nature is always a hard master. For example, what is now the United States was, when the first colonists landed, already over-populated. The tribes knew famine and they fought for hunting grounds. At the most there were never more than a million Indians. Now, among the least of our troubles is the providing of food for one hundred and twenty million people. The Indians had to take what nature gave. But we are no longer mere serfs.

In the tropics man has been the slave of nature and so through the centuries the American tropics have run with blood. Men had so very little that they fought among themselves for that little. The *conquistadores* fought the Indians. The buccaneers fought the Spaniards and later the peoples fought one another. Almost everything that could happen anywhere has happened in the American tropics and more especially in Central America and Colombia which are the portions with which this book is principally concerned.

The *conquistadores* were the knights errant of all time—

bold and enduring beyond words and fanatically religious. After them came the Spanish grandees with priests, courtiers and henchmen bravely trying to establish a civilization in a land they could not comprehend. The pirates of all nations made rendezvous in the Caribbean and, as an incident to drinking themselves to death on Jamaica rum, fought with the cunning and the ferocity of wild beasts to gain gold that few of them ever lived to spend. The priests of the Catholic Church built a religious structure greater than the political structure. Out of the wilderness rose cathedrals and churches and monasteries. Teaching orders founded colleges.

Then almost over night the power of the conquerors snapped and what they had thought was a civilization vanished. But men continued to live and to die by the sword. They fought for they knew not what and, true to the tradition of the tropics, neither gave nor asked for quarter. Central America found itself apportioned into five divisions each of which called itself a republic and when they were not fighting among themselves they were fighting within their borders. These were not comic opera revolutions. They were bloodier than the Thirty Years' War and lasted three times as long. The soil everywhere has been sown with the dead.

Shot through this strange picture painted with blood and fire are impossible men doing impossible deeds: A colony of Scotch Presbyterians on the hot sands of Panama supported only by long-winded dominees and a tremendous supply of hard liquor—Quesada, his horses and his men thickly quilted to foil the poison arrows, forcing his way through the swamps of the Magdalena to the high plateau of Bogotá and thereby achieving that which no one has since

even attempted—Commodore Vanderbilt coming down himself from New York to drive a steamer up through the San Juan rapids just to show the fools it could be done—little William Walker setting up his own tattered government in Nicaragua and holding it until crushed by a cordon of American and British warships—wise dictators—crazy dictators—legions of rascally cosmopolites—the discards of the world.

That is the background of the American tropics. Unless one knows those old centuries of blood one cannot clearly see the marvelous changes that have come during the last three decades. These have been years of emergence from a slavery to nature—the years in which man has been learning to conquer nature instead of his fellow men.

In this book the background is given and, wherever possible, in the words of eye witnesses whose accounts seem reliable. The collecting and weighing of facts in the past has been, of itself, a considerable task, for the complete history exists nowhere. Even the simple affair of compiling a list of presidents and their tenures of office has been possible only through the assistance of able Americans resident in the various capitals. Much of the work of local historians is so partisan as to be quite unacceptable. Therefore, although many of them are of no importance, all the presidents have been at least mentioned. And from the kaleidoscopic frequency with which they changed in the old days one may, by comparison, gain a better realization of the order and regularity of to-day.

But, after all, the background is of moment only as it serves to help in understanding what is now going on.

The Caribbean countries are in transition. They have

passed rather definitely from the period of the soldier of fortune and continuous political revolution to the period of the American engineer and comparative political stability. The potential wealth of these countries is being developed in a broad and scientific manner. Wealth and purchasing power are being created as they were created in the United States. The great American experiment is being tried—and is succeeding. An economic conception is making a conquest.

That conquest has been so utterly confused with political conquest and with imperialism that a statement of it based upon personal investigation has seemed important as a contribution to the understanding of the new position of the United States in world affairs. The tale has been very worth the telling.

Most of the material was gathered during a half year's travel in the region, and the author is under deep indebtedness to many of the citizens of the various republics and to the resident American citizens for their courtesies and their readiness to give accurate information. More especially does he desire to express his obligations to:

The Presidents, Cabinet members and other officers of all the states for their frank, friendly and informative discussions, as well as for their co-operation, and to the ministers representing these countries at Washington for their letters of introduction which made the contacts possible. To the diplomatic and consular agents of the United States and more especially to General Enoch H. Crowder, then Ambassador to Cuba; to Hon. A. H. Geissler, Minister to Guatemala; to Hon. Jefferson Caffrey, then Minister to Salvador

and now Minister to Colombia, and to Hon. W. J. McCafferty, Consul at San Salvador; to Hon. George T. Summerlin, Minister to Honduras; to Hon. Charles C. Eberhardt, Minister to Nicaragua; to Hon. Roy T. Davis, Minister to Costa Rica, and to the secretaries of these various legations. To Minor C. Keith, president of the International Railways of Central America, and to the resident managers and their assistants in Guatemala and Salvador both for information and for aid in travel. And to the following individuals, among others: In Colombia; to Dr. P. P. von Bauer, managing director of Scadta; to K. C. and R. H. Parrish of Barranquilla; to E. A. Sommer and Dr. M. H. Zepeda of the Electric Bond and Share Corporation; to M. M. Stuckey, manager of the Andian National Corporation, Ltd. at Cartagena; to Charles S. Whitaker, Dr. German Uribe, Dr. Gabriel Posada and Dr. Juan de la Cruz Posada of Medellín. To Dr. Louis Schapiro of the Rockefeller Institute in Panama. In Costa Rica to the late John M. Keith, Jerome B. Clark, Manuel A. Montejo, Bartolomé Martínez, ex-president of Nicaragua, and Hon. Frank N. Cox, British vice-consul. In Nicaragua to Roscoe R. Hill of the American High Commission, Henry Rosenthal of the Bank of Nicaragua and Adolfo Cárdenas. In Salvador to Dr. R. Arrieta Rossi, formerly minister of Foreign Affairs, Dr. David Castro of the Foreign Office, Benjamin Bloom and Frederick Ellis of the Occidental Bank, René Keilhauer and Colonel Gilmore. In Honduras to Herbert Wilson and Alfredo Melhado. In Guatemala to Messrs. Apfel and Armstrong of the British Legation.

Parts of some of the chapters have appeared in rather

different form as articles in the Saturday Evening Post, the World's Work and the Magazine of Business, and the permission to reprint is gratefully acknowledged.

SAMUEL CROWTHER

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THE ROMANCE AND RISE OF THE AMERICAN TROPICS

ROMANCE AND RISE OF THE AMERICAN TROPICS

CHAPTER I

THE COURSE OF EMPIRE

EMPIRE—the word calls up the tramp of legions and the clank of armadas putting out to sea. The empires of the past were wrought by armed force and seem to have crumbled when that force was withdrawn. We can hardly conceive of an imperial rule that has not been achieved or maintained by armed men.

The sword has made empires, but the sword alone has never held them for long. The Roman legions were powerful, but they were followed by forces still more powerful—by roads, by culture, and by the security and justice of the Roman law. The colonial empire of Spain was held together more by the Church and the system of home rule than by the soldiers sent out from Europe. The British Empire was built by sea power, but it has endured through the interest of economic prosperity and the justice of the Common Law. The empires of the world have fallen only seemingly with the decline of force. Actually they have fallen when the real reasons for their being have been withdrawn and force alone substituted.

In and about the Caribbean Sea a new kind of empire is rising—an empire without an emperor. Armed force has played only a slight and inconsequent part in its creation. It has none of the old emblems of empire, for those emblems all have to do with political sovereignty. And this empire is not political. The integral states are as free and as independent as their poverty will permit them to be. They are becoming less poor and therefore more free and independent. Each preserves its autonomy according to its ability to conduct itself in such manner as will not interfere with the peace and prosperity of its neighbours.

This empire has no sovereign. It has a leader. That leader is the United States. That leadership has been gained not by armed force, but by a power greater than can be exerted by arms—the power of mutual interest. That is the power which really sustained the enduring empires of old. The sea power of the United States protects this economic empire from outside interference and also, to some extent, polices within its borders. Without that power the economic development might be retarded or even demolished. But it is a protective force and not a conquering force.

The making of this empire has come about through the flow and interflow of simple currents and it is no less real because it never has been and never can be proclaimed in the terms of political sovereignty. It has as its end not a great vassalage, but a great peace and prosperity. And the gradual and involuntary forming of this empire, based on the will of no one but on the interest of everyone, is something new and amazing in the history of the world.

The Caribbean countries may be defined as those bordering

on the Caribbean Sea. This sea results from the enclosing of a great stretch of the Atlantic Ocean by a chain of islands reaching, roughly, from north of the Orinoco River in Venezuela in South America to Florida in North America. The largest of these islands is Cuba, with which we are in this book only slightly concerned. With the other islands we shall not be concerned at all—although everything which may be said here applies to all of them in a greater or a lesser degree according to the extent to which they have come under American influence. Porto Rico belongs to the United States as the result of the Spanish-American War—it was taken from Spain by right of conquest in the old-fashioned sense. The Virgin Islands were bought by the United States from Denmark.

Over Cuba the United States exercises a sort of supervision and a larger supervision over Santo Domingo and Haiti. Thus the Caribbean is an American lake, although Great Britain owns Jamaica and has both a military and a naval base there. By a gentleman's agreement the British step aside.

It is with the mainland that we are now more concerned. Part of the littoral is in South America. Venezuela is a Caribbean country and is becoming an important part of the American economic empire, but it is a subject in itself. Colombia, also in South America, extends through the continent and has a long Pacific coast. It opens primarily toward the Caribbean and will be here considered in part—more especially its littoral. The main emphasis, however, will be placed on the six republics of Central America. These are Panama, Costa Rica, Nicaragua, Honduras, Guatemala and El Salvador.

There is some disagreement among geographers as to exactly where Central America begins and where it ends, but for our purposes we shall take it as that stretch of land which is bounded towards the north by the Caribbean Sea and towards the south by the Pacific Ocean and which spreads in an irregular sort of triangle from the border of Mexico to and including the Isthmus of Panama to the border of Colombia. At its greatest breadth it is only four hundred and fifty miles wide and at its least it is thirty-five miles at the Isthmus of Panama. A chain of mountains known as the Cordilleras, with their main axis running from northwest to southeast, passes through the entire country, their continuity being broken for a stretch by a series of depressions in Nicaragua. The range is not a solid wall but a succession of great masses with many lesser chains branching off from them and with many great peaks, several rising to thirteen thousand feet. In a general way the range is volcanic, with some dozens of craters still active, and throughout these highlands earthquakes are quite common.

This range is near the Pacific and goes down to the sea in a series of sharp, rocky slopes. Toward the Caribbean the slope is more gradual, ending in a broad littoral, much of which is hardly above the sea level. This littoral is a hot, humid jungle and for centuries was thought to be uninhabitable. The people lived in the highlands where there is a fair rainfall and the temperature rarely exceeds eighty, or on the Pacific slopes which, although they are hot, are dry and reasonably healthful. There are only two seasons—the dry season, extending from about November until April,

when there is some, but very little rain, and the rainy season in which there is commonly a daily downpour.

The Pacific coast is broken by several bays and gulfs, but none of them except the Gulf of Fonseca and the Bay of Corinto provides even a reasonably good harbour and there is not a really first-class harbour on the Pacific. Neither is there a first-class harbour on the Caribbean. Nature was not in a gracious mood when she formed this region.

Take these several republics in a brief summary together with the trend of their trade relations with the United States according to the most recent figures:

Guatemala—It is about the size of New York State and has a population somewhat in excess of two millions, or about forty-two per square mile. Most of the country back from the Caribbean is very high, ranging from four thousand to over eleven thousand feet, with a considerable number of fertile plateaus. On one of these is Guatemala City, its capital, which is connected with both the Caribbean and the Pacific by rail. Its principal Caribbean port is Puerto Barrios on the Gulf of Honduras, which is reached by several lines of steamers, while on the Pacific, San José, Champerico and Ocos are used as ports, although they are only open roadsteads. The United States takes sixty-odd percent of the exports and supplies about sixty percent of the imports.

El Salvador—This is the smallest of the republics, being about the size of New Jersey, but it is the most densely populated, having more than a million and a half people or approximately one hundred and fourteen to the square mile. It lies entirely on the Pacific with a coast line of one hundred

and sixty miles, but can now be considered as a Caribbean country because its railway will shortly be connected with the railways of Guatemala leading to Puerto Barrios. It is almost entirely in the mountains and its chief product is coffee. At Cutuco near La Union on the Gulf of Fonseca is a real port. The other ports are La Libertad and Acajutla on the Pacific, but these are on the open sea. The capital is San Salvador, which is connected by highway with La Libertad and by rail with La Union. Salvador takes about sixty percent of its imports from the United States and sells about thirty percent to it.

Honduras—This state is about the size of Pennsylvania, with a population of about three-quarters of a million, or about thirteen per square mile. Leaving the broad lowlands of the Caribbean, the country is generally mountainous and very wild and rugged, with a number of fertile plateaus and many basins and valleys. The Caribbean littoral has about eight hundred miles of railroad, all operated by American fruit companies and (except for a small section of National Railroad) owned by them. Otherwise the country is without rail transportation and the capital, Tegucigalpa, is without rail service. It connects with the Pacific by a fairly good road to San Lorenzo on the Gulf of Fonseca and with the Caribbean by a very bad road through Comayagua to Lake Yojoa, which is crossed by launch, and thence by a road which is entirely impassable in the rainy season to Potrerillos, which is the head of the National Railway leading to Puerto Cortés. Thus Tegucigalpa is the most inaccessible of the Central American capitals. The Pacific port is Amapala on Tiger Island in the Gulf of Fonseca, which is, however, several hours

by motor boat from San Lorenzo on the mainland. The principal Caribbean ports are Tela, Trujillo, Puerto Cortés and La Ceiba. The United States supplies more than eighty percent of the imports and takes upwards of ninety percent of the exports.

Nicaragua—Stretching from the Caribbean to the Pacific, Nicaragua is slightly larger than the State of New York and has somewhat more than six hundred thousand people, or about thirteen to the square mile. The Cordilleras run from northwest to southwest through the middle of the country, but in a great dip lies Lake Nicaragua one hundred miles long and forty-five miles wide. This lake connects with the sea by the San Juan River and is the basis of the canal route. The Pacific port is Corinto and from it runs a line of state-owned railway to Managua, the capital, and ending at Granada. This railroad, which is one hundred and forty-seven miles long, is the only one in the country other than some stretches of banana railroad on the Caribbean. The commerce of Nicaragua thus goes out through the Pacific, for there is no connection between the Caribbean and the interior other than the route up the San Juan River, which is to-day considered exceedingly dangerous. Bluefields and San Juan del Norte are the chief ports on the Caribbean. The United States furnishes about seventy percent of the imports and takes over half of the exports.

Costa Rica—This state is slightly smaller than West Virginia and has a population of slightly over half a million, or a density of twenty-three to the square mile. The high plateau holds San José, the capital, and Cartago, the ancient capital. These are connected by rail with the Caribbean

port of Limón and the Pacific port of Puntarenas and the population is along the lines of these railways and on the high plateau which contains the cities. The country southward toward Panama is wild and hardly explored. The United States supplies more than fifty-four percent of the imports and takes more than forty percent of the exports.

Panama—This state was formerly a part of Colombia and it occupies the whole of the Isthmus of Panama. Its principal and sustaining feature is the Panama Canal and the Canal Zone belonging to the United States. It is somewhat smaller than Maine and has a population of half a million, or thirteen to the square mile. This average is misleading, for most of the population is concentrated in Panama City, which is the capital, at Colon, and in the neighbourhood of the Canal Zone. The only other port of importance is at Bocas del Toro, which is purely a fruit port. More than half the country is absolutely wild and inhabited only by Indians. The import trade is out of all proportion to the country because of the great number of foreigners resident in the Canal Zone and also because of the tourists who come to visit the Canal. Of the imports, the United States furnishes sixty-five percent and of the exports takes upwards of ninety percent.

Colombia—This is a republic in the extreme northwest of South America, beginning at the Isthmus of Panama and bounded on the east by Venezuela and Brazil and on the south by Ecuador and Peru. It has a coastline of nearly five hundred miles on the Pacific Ocean and of more than that distance on the Caribbean. Its area is equal to that of the combined areas of California, Oregon, Washington and Mon-

tana. It is a great country with enormous possibilities. The land rises from the valley of the Magdalena River into a series of high mountain ranges which are a part of the Andes. On a high plateau is Bogotá, the capital, and it can be reached only by steamer up the Magdalena and thence by rail. Or one may take an airplane up the valley of the river and go from there by rail. Because of the high peaks and valleys in the interior and the swampy marshes of the Magdalena valley there is nowhere a connected transportation. The population is nearly six millions—which gives a density of about eleven to the square mile. The principal ports on the Caribbean are Cartagena, Puerto Colombia (which is connected by a short railway line to Barranquilla, the port of the Magdalena River) and Santa Marta—which is primarily a banana port. The principal Pacific port is Buenaventura but most of the trade comes by way of the Magdalena River. The United States supplies about fifty percent of the imports and takes about eighty percent of the exports.

None of these republics except Colombia has any considerable natural wealth. Colombia has both oil and precious metals—but until the coming of American engineers and American capital the oil had no value. The wealth potentialities are more than overcome by the troubles of transport. The Central American countries have great potential wealth but of a kind that responds only to skilled and expensive engineering and agricultural development. The gold and silver mines are not of high importance and no oil has as yet been discovered. Their hardwoods now scarcely pay the cost of cutting and taking to the sea but they have possibilities.

For centuries these domains have been ravaged from

without and from within under the delusion that they somewhere held fabulous wealth. The Spaniards conquered and ruled them in the notion that they could gain wealth. About all that they got were the gold trinkets from the Indians. Spain put more money into Central America than she took out.

When the districts became independent states during the first quarter of the last century, the money lenders of Europe descended on the new governments thinking they might mortgage rich profits. Few of their loans have ever been repaid.

Then came hordes of American and European concessionaires seeking grants and monopolies and often fomenting revolutions. They got their concessions with great effort and sometimes only after bloodshedding—but they soon found that they had gained nothing. There was nothing to gain.

And all the while the republics were racked from within by revolution after revolution—for so little was to be had by working that it was worth the chance to try to get something by fighting.

The myth of the easy wealth of the Indies has been a long time dying.

These lands have wealth—but the wealth is in the soil. The highlands, it was discovered, would grow coffee. But by the time that coffee had been carried to the sea by mule-back and loaded on a passing steamship, most of its value was gone—for the producer.

The lowlands of the Caribbean, which were supposed to be worthless and in which no white man could live, were discovered to be splendid soil for the growing of bananas—just as some of the islands bordering the sea, notably Cuba

and Porto Rico, were found to have splendid soils for sugar cane and tobacco.

Out of the banana trade came great American industrial organization and an abundance of transport. The planting of the lowlands brought new wealth into existence. The provision of railroads and regular ship services with the United States in place of the occasional visits of tramp ships gave value to the coffee.

This creating of new wealth created more wealth—for the birth of a dollar's worth of new wealth is like tossing a stone into a still pond. The United States out of its wealth has made markets for the products of the Caribbean. And by thus buying, wealth has been created in the Caribbean and this in turn has made markets for American products.

The Panama Canal gave more transport to the Pacific coast and much that was formerly lost in waste has been reclaimed to become profits and wages. And that is why the United States is the largest single factor in the trade of all these states—and often larger than all the other factors combined.

The upper classes in some of the states are of pure or fairly pure Spanish blood; in others the upper classes are mixed with Indians. The working classes are very mixed except the Indian tribes, some of which, especially in Guatemala, have remained pure.

The white men have engaged more in politics than in labour. The *mozos* or working people have laboured only when forced to and that was not often, for the land would give them what little they needed. All of that has not been

from choice—as is being demonstrated. There was nothing to do that was worth while doing. No game was worth the candle. Thus, through the centuries, ambition has dulled.

But there was another reason for idleness—disease. It was discovered by American doctors that more than half of the working people had hookworm and that nearly everybody had malaria from time to time. This is quite aside from the epidemic diseases, such as yellow fever. This last has been wiped out. Hookworm is both curable and preventable, while malaria is, to a large degree, preventable. The only health work of note that has ever been done in the Caribbean has been done by services from the United States.

Those are the foundations of the new empire—the creation and exchange of wealth and the cure and prevention of disease. They are very worthy and very stable foundations. They infinitely transcend all idle professions of mutual regard or elaborate schemes for pointless leagues of amity. They transcend all expressions of armed power. For no ties are so strong as those of health and wealth.

Of course this new empire is misunderstood. It is bound to be, for it cannot be likened to any others. It is not comprehended in the United States. It cannot be comprehended in Europe. There it can be conceived only in the terms of political empire.

CHAPTER II

THE CONQUEST OF THE AMERICAN TROPICS

ALTHOUGH the Spaniards held the Caribbean countries for more than three centuries and gave what, considering the times, must be taken as a very complete rule, they never achieved a civilization that extended beyond the cities they founded and defended.

Only in Colombia does even that civilization remain; the old walled town of Cartagena is Spanish to a degree, and far in the interior, high up behind the walls of the mountains, Bogotá, Medellín and other cities that have until lately been shut off from the world, are really Spanish. They are of the old world rather than of the new. But elsewhere in Colombia—in the valley of the Magdalena and at the port of Barranquilla, in and about Santa Marta and the high sierras beyond, the Spaniards left no impress. Going north through the Isthmus and up through the countries of Central America there are only the buildings of the old cities—now mostly in ruins—to remind one that Spain ever ruled. The language, of course, is Spanish but it is not the Spanish of Castile. Many of the customs have Spanish derivation but they have been greatly changed and they are not the same everywhere. Neither are they fixed.

The familiar story is that Spain came only for gold and

paid no attention to anything that had not to do with gold. That is not quite true. The *conquistadores* principally sought gold and certainly they took all they could find. But they sought also war and adventure in the trackless wastes of a new world and the setting up of principalities over which they could rule. The Spanish cities were all located at strategic points to hold and govern the country and to keep open the treasure routes to Spain. They were afraid of the lowlands bordering the Caribbean and their chief cities were far back in the highlands. Only Cartagena, Panama and Puerto Bello were of any consequence on the coasts and these were of moment only because they were points where treasure was mobilized for shipment. The Spaniards did not colonize Central America, but they tried to.

The few colonists who came found nothing at all to do unless they held official position. They brought out horses, sheep, cattle, goats, pigs, and chickens and none of them really thrived. They tried wheat, barley and other cereal crops. They planted grapevines and the seeds of oranges and melons, and indeed at one time or another tried almost every form of culture known to Spain. And the net result was that they could hardly feed themselves. For while growth in the tropics is luxuriant, only those special varieties of plants flourish which are strong enough to resist the pests and diseases. Coffee growing did not come until the eighteenth century. A variety of banana, but not the one now used in commerce, was brought in 1516 by a priest from the Canary Islands to Santo Domingo and spread through all the settlements, but the fruit could not be transported and had only local value. In short, gold and silver were about all that was

Columbus in India primo appellens, magnis exci- IX.
pitur muneribus ab Incolis.
PRIMA navigatione, quum Columbus terram attigit, crucem ligneam in littore statuit: deinde provectus in Hoytin Insulam appellit, quam Hispaniolam nuncupat, & in terram cum multis Hispanis descendit. Ibi quum ab eius loci Cacico (regulum ita appellant) cui nomen Guacanarillo, summa comitate exceptus esset, muneribus invicem datis & acceptis, ambo fidem amicitiæ futuræ sanxere. Columbus, induſiis, pileolis, cultellis, speculis & similibus eum donavit. Cacicus contra satis magno auri pondere Columbum remuneratus est.

From an engraving by Theo. de Bry, 1594.

An adventure of the Great Admiral.

VARTA *nauigatione Hiſpaniolam portus aditu prohibitus Columbus à Bombadilla, Iamaicam inſulam tenuit. Ibi Franciſcus Poreſius vnius Carauellæ Prætor cum fratre & maxima militum parte ſeditionem in eum commouet, & contractis aliquot Indorum lintribus in Hiſpaniolam profugere conatur. Sed quum tam exiguis lintribus impetum maris ſuperare ſruſtra tentaſſet, regreſſus eſt. Audito eius aduentu, Columbus cum fratre ſuos in aciem educit: ventum eſt ad manus: cadunt nonnulli: multi vtrinq; ſaucij: Franciſcus Poreſius cum fratre capitur.*

From an engraving by Theo. de Bry, 1594.

Another adventure of Columbus.

worth while trying to put into commerce and in Central America there was enough of neither to give great riches.

There was simply no reason for colonial expansion in Central America. Colonies expand only when the people in them can find either greater wealth or greater comfort than at home. In the Caribbean countries the colonists could find neither. Until the coming of sugar and coffee no European settling in any of these countries could earn a living. Unless he held an official position or had left his country for his country's good, he was far better off at home. The Spaniards throughout Central America actually accomplished far more than did the British in their portion of Honduras, or than the French or Dutch in their island or South American mainland colonies.

The Spanish conquerors came south from Mexico and north from the Isthmus, exploring Central America. Colombia was opened by one expedition coming from Peru, another south from Panama and a third up country from the shores of the Caribbean. They had but little bother with the Indians, for only the San Blas Indians in what is now Panama and a few scattered tribes in Colombia made any resistance.

In Central America the Maya civilization had long since disappeared. It is believed that the Mayas occupied a large portion of the present Guatemala and Honduras and there are fairly extensive ruins at Copán in Honduras—which are very difficult to reach. The largest of all the ruins is at Quiriguá which is within the property of the United Fruit Company in Guatemala and may be easily reached by a railroad spur. There, in what is now a jungle, was once a considerable city. To-day may be found the ruins of temples and

a series of monoliths which are believed to record the chief events in their history between 450 and 550 A. D. One stone is thirty-four feet high and, since there are no sizable stones within five or six miles of the ancient city, these people must have possessed some method of transport. When the railway was constructed in 1910 a section of a wide paved road was uncovered and it is thought that this road runs back to the mountains where the monoliths were quarried. The archæologists have devoted much study to these monoliths—which are excellently preserved—and several valuable monographs have been published. No one knows what happened to the Mayas or why or how they left their cities. At any rate they had gone long before the Spaniards arrived.

The Spanish conquest came quickly after the first voyage of Columbus. The colony which he planted in Santo Domingo became the first seat of power. Between 1493 and 1496 he explored Cuba and discovered Jamaica, while in his third voyage in 1498 he skirted the northern coast of South America and is believed to have begun the present Santa Marta which is now in Colombia. The fourth voyage in 1502 gave him a knowledge of the Caribbean coast of Central America from Honduras to Panama. He landed at Cape Honduras somewhere near the present Trujillo. Heading due south he turned the point which he named and is still known as Cape Gracias à Dios. He landed at the San Juan River which forms part of the present boundary between Costa Rica and Nicaragua and began San Juan del Norte—the present Greytown and which was later to become a small fortified city and a port of entry leading by way of the river to Lake Nicaragua and across to the Pacific. He continued south to Almirante

Bay and Chiriqui Lagoon and made his final mainland headquarters at Nombre de Dios on the coast east of the present Cristobal. That and Puerto Bello were to become the golden ports of New Spain.

For Columbus, the coast held only disaster and presaged the end of a voyage that left him stranded on the beach at Jamaica. Following Columbus came Alonso de Ojeda who had been one of his companions. He reached the mainland of Venezuela and left a colony that two years later Fernández de Encisco set out to reinforce. With him was a bankrupt by name Vasco Núñez de Balboa. They found nothing of Ojeda's settlement and turning back they founded a town which they called Darién. Balboa became one of its alcaldes. He got rid of Encisco and also shipped out the governor of the district. Then he started to explore and on September 25, 1513, first saw the Pacific Ocean, and a few days later took possession of it for the crown of Spain. Within six years Pedrárias de Ávila founded the City of Panama which was to become the great centre of Spanish life in the New World.

From Santo Domingo another expedition had been proceeding in the opposite direction. Governor Diego Columbus, the son of the Great Admiral, sent Diego Velásquez to conquer Cuba and with him was a young man named Hernando Cortés. They heard of a great and strange land to the west and in 1519 Cortés set out from Cuba in eleven ships. The result was the conquest of Mexico. Between 1522 and 1524 came the exploration and conquest of Central America. De Ávila, who had become governor of Darién, started González Dávila coasting up from the Gulf of San Miguel in what was apparently the first effort to explore the Pacific shores. He

heard of a powerful Indian chief named Nicaras, and having to abandon his vessels he struck inland and met the chief on the shores of a great lake. Then he went back to Panama to secure the new region for himself by royal grant. But in the meantime de Ávila had sent another expedition to found settlements.

The news of these lands reached Cortés in Mexico and he selected Pedro de Alvarado in 1523 to conquer the regions of the south which they called Guatemala. Alvarado captured all the important towns in the present Guatemala and penetrated the high mountains bordering the Pacific into a section which he named Salvador. He founded Santiago de Guatemala. Cortés sent another companion through Honduras in 1524 and later himself made a march across that country. In 1540 King Charles I made a grant of land in a district which he termed Costa Rica to Diego Gutiérrez.

Thus within scarcely more than twenty years after Columbus had first sighted the mainland, the *conquistadores* had penetrated it from the north to the south and put it under nominal subjugation. They fought few real battles and they gained little gold. They kept to the highlands, and, as far as can be discovered, ventured to the coast only in Honduras where they founded Puerto Cortés. How these adventurers in their heavy armour dragged themselves and their mailed horses through these jungles can never be known. To-day only archæologists, chicle gatherers and explorers go through these regions and, in spite of their training, their sanitary precautions, and their outfits, they are bound sooner or later to contract malarial or some more malignant fever. But the most remarkable of all the expeditions was Quesada's march

up the Magdalena valley—ending on the plateau of Bogotá.

For Colombia was likewise brought under Spanish rule by expeditions from several directions. Pizarro going south from Panama conquered Peru. Among his company was Sebastian de Belalcázar who had been with Columbus on his third voyage. He aided in getting rid of Alvarado—who fresh from his conquests in Central America had an eye to taking Quito. Then Belalcázar hearing of the "gilded man" to the north sent an expedition into Colombia. This reached the Cauca Valley and the leader himself followed in 1536 founding the present city of Cali and two years later he scaled the mountains and reached the valley of the Magdalena River. There he heard of white men.

He did not know that the cities of Cartagena and Santa Marta had already been founded on the Caribbean or that Jiménez de Quesada, a lawyer of Granada, had set out in 1536 to conquer the region east of the Magdalena River which was known as Santa Marta. Some of that country has not to this day been conquered and every little while the Indians with their poisoned arrows take toll of some expedition. Quesada and his men knew the poisoned arrows, and instead of armour they wore heavy cotton quiltings over themselves and over their precious horses. They knew as did all the *conquistadores,* that a horse was worth a dozen men. The Indians could fight men but they could not fight great four-legged beasts the like of which they had never seen.

Of the jungles and what was beyond Quesada knew nothing. We know nothing of those jungles to-day. The way up the Magdalena is by river boat in precarious fashion, for the stream is wandering and keeps no channel, or by airplane—

which is quick and safe. From the plane one may see the wastes and by-waters of the river and the jungles beyond. It was up through these that Quesada cut his way, fighting Indians, fighting fever and fighting starvation. He was the first to make the journey and also the last. Never since, as far as is known, has any man attempted to gain the high plateau of Bogotá from the Caribbean by land. He started with 800 men and 200 more men reached him as reinforcements. Two years later he reached the high country with 160 men and 60 horses. Cunninghame Graham in his life of Quesada says:

"After God, indeed, Quesada owed this victory and many others to his horses, although most of the men had lost their saddles and their bridles, and had to fight with halters of lianas run through their horses' mouths or tied beneath their jaws.

"Powder was very scarce amongst his men and had been rendered almost useless by the damp. The crossbows were in somewhat better state; but even they had suffered, for the strings were so weakened by the wet as to lose half their power. Their swords were rusty, and as their scabbards had long rotted and been thrown away or boiled for soup, the men had made new sheaths of snake skins, and the fresh grease of these had spoiled the temper of the steel so that they broke at the first stroke. They had some lance heads, cane-knives (machetes), and daggers; but in the main they fought with clubs and javelins that they had taken away from the Indians, and spears of Guaduas (bamboos) hardened in the fire."

Quesada pressed onward defeating the powerful Chibchans,

occupied the valley of Bacatá and in August, 1538, founded the city of Santa Fé, which later came to be known as Santa Fé de Bogotá. He called the region the New Kingdom of Granada.

Scarcely had he subdued the remaining villages when he heard rumours of other white men. Then, as from nowhere, straggled in the ragged remnants of an expedition under Nicholas Federmann which had long since started from Venezuela and made its way through the wilderness of the Amazon. Then came Belalcázar with a comparatively fresh troop that had come overland from Peru. It is one of the most extraordinary happenings of history that three expeditions starting off from far distant points and none knowing whither they were bound or that the others had started, should meet high in the Andes where to-day stands the country's capital.

The highlands of New Granada were to the liking of the Spaniards and above all they found gold and they found emeralds. They found a country where they could grow the crops they knew and in less than a century had built cities such as Medellín, developed the steep hills of Antioquia, and established churches and monasteries and that large religious life which continues to-day. The interior of Colombia is still the most Catholic of countries.

The Spanish crown rapidly set about taking away the perquisites of the *conquistadores* and setting up a colonial government which was remarkably complete and efficient considering the times, the means of transportation and the fact that since the Romans no nation had been called on to govern colonies far over the sea.

The method of government, it is true, did nothing at all

toward establishing self rule—but that is only an Anglo-Saxon objection. The colonies did not belong to Spain. They belonged to the Spanish crown and Charles IV set up the Council of the Indies to aid in their administration. This body made all the laws, made practically all the appointments and in effect was regal.

The most important representative of the king was the viceroy. At first the viceroy at Mexico was supreme, but later a viceroy was appointed for Peru and still later another for New Granada with headquarters at Bogotá. Then came the captains-general at first as regional rulers and later as nearly independent rulers. The greater part of Central America was known as Guatemala and formed a captaincy-general of the same name with the seat of power in old Guatemala City. The island of Cuba was also a captaincy-general with Havana as the capital.

The *audiencia,* one of the oldest of the Spanish institutions, was transplanted to the new world. It was a judicial and advisory body set up partly as a check on the viceroys and captains-general but in places it became an administrative body of considerable power. It had the right to correspond directly with the King. Still another check on power that came later were the intendants. Local government was placed with the *cabildo,* which was made up of two *alcaldes* or justices and from six to twelve or more *regidores* who were in the nature of aldermen. None of these offices were elective and the appointees were nearly always Spaniards. Children born in the colonies, although they might be of pure Spanish blood, were creoles and not eligible to office—or at least were not appointed to other than minor offices. The government

came entirely from the top—and that later had important consequences.

These Spanish rulers built cities and they built them well. They have been sacked by pirates, rocked by earthquakes and bombarded in revolutions; they have but seldom been repaired and yet until quite lately the principal buildings in Central America were those erected during the Spanish rule and they are still the chief points of interest. All of the larger cities that were administrative centres and not shipping points are far inland on the high, cool tablelands. The notable exception is León in Nicaragua which was founded in 1523 by Francisco Fernández de Córdoba, midway between Lake Nicaragua and the Pacific Ocean as part of the best inter-ocean transport route north of the Isthmus. In the same year he established Granada at the western end of Lake Nicaragua and this was in the nature of an inland port, for the way to the Caribbean lies through the lake and the San Juan River. León soon had its cathedral, an episcopal palace, a university and a large monastery—which is now a barracks. To-day the city shows the effects of revolutions but its plaza is still among the best in Central America. In the course of time Granada became a very wealthy city and the hated rival of León—so much so that eventually the capital had to be moved from León to a point between the two—Managua. The sole reason for the existence of Managua is that it is equally distant from two rival cities. All three of these cities are on the railroad that leaves from the Pacific port of Corinto. They are fairly active and, when the country does not happen to be in revolution, moderately comfortable, if one does not mind the swirling clouds of volcanic dust that en-

velop Managua and Granada in the dry season. In the wet season the dust settles down and becomes mud.

Midway between the two oceans on a beautiful plain in the highlands of what is now Honduras, Alonzo Caceres in 1540 founded Valladolid la Neuva which later became known as Comayagua and which for a long time was a beautiful and important city housing perhaps thirty thousand people. In many of the plans for a United States of Central America, this city was put forward as the capital. It was the capital of the province in colonial times, but the present capital of Honduras is further westward at Tegucigalpa which developed from an Indian village. Except an elaborate cathedral of considerable beauty Tegucigalpa shows little trace of the Spanish occupation. It became the centre of life in the interior of Honduras largely because of its nearness to the silver mines which have been continuously worked since colonial times and are to-day the largest producing mines in Central America. Comayagua has languished; it now has scarcely ten thousand people; its streets are paved but they are grown with grass; its finer houses are in ruins and so also are its public buildings. Its university has gone and only the cathedral has remained. It is still used, although in bad repair. In its sacristy are several of the old wooden images which have come down from the earliest days and also there is a painting on wood above the high altar which is believed to date from the seventeenth century and to be by someone of note. But the church is dark, the painting has been blackened by more than a century of candles and no one knows exactly what the painting looks like nor how it got there—for all the records of the church were lost when the town

was burned by revolutionaries in 1827. The city is now not even a stopping point on the way to anywhere. It is on the main highway which leads up through the mountains to Tegucigalpa. But since this journey can now be made by automobile, Comayagua is too near Tegucigalpa to be important.

The only railroads as yet in Honduras are those on the Caribbean coast. Except for the highway, the interior of Honduras is not very different from what it was in the days of the Spanish Conquest. Before the railways, Trujillo and Puerto Cortés were the principal seaports from which the pack trains started into the interior but now Trujillo is off the course of trade and lives on the purchases of the workers on the banana plantations. Its fortifications are masses of tumbled stones, although sentries are still posted and one of the old buildings has been preserved enough to house the inevitable Comandancia de Armas. The church, which has fine lines, is not enhanced by a galvanized iron roof—the whole town lost its red roof tiles to a speculator intent on giving an old Spanish touch to the Florida boom. Puerto Cortés is a banana shipping point.

Most of the older cities have lost their glory to newer ones established hard by. Cartago was begun in 1564 in the lovely highlands of Costa Rica, but it was sheared by an earthquake and the capital rebuilt on what was considered safer ground and called San José. To-day Cartago is only a sleepy town and a station on the railroad to San José. It was in Guatemala, as the seat of the captaincy-general, that the Spaniards built most largely, far surpassing even their efforts in León. In 1524 Pedro de Alvarado after subduing the

Quichés led his army to Iximche on the wide and rocky plateau more than five thousand feet above sea level, guarded by the beautiful, towering peaks of the volcanos of Agua and Fuego. He founded a city and called it Santiago. Then he went off to conquer new lands and the Indians rose in revolt and wiped out the settlement. Three years later the *cabildo* met to choose a permanent location. They selected a site at the foot of the west slope of Agua and this became the new Santiago and the capital of the province. The founders had reckoned without the volcano. On the tenth of September, 1541, an immense flood of water and liquid mud bearing great boulders and uprooted trees came surging down the mountainside, overwhelming the little city and burying the chapel in which most of the citizens had taken refuge. Legend has it that the crater of Agua burst, but the only break in the crater wall is in the opposite direction whence no flood could have reached them. Probably the damage was caused by the combination of a landslide and an accumulation of water in some deep gully. This second Santiago which is now known as Ciudad Vieja is to-day only a hamlet. Again the *cabildo* met to find a more suitable site. They selected a tract on the other side of the plain, some miles away from the base of the mountain, and here grew a new city which is now known as Antigua. For two hundred years it prospered; it withstood the eruptions of Fuego which seemed to wake up and give it attention just as Agua had marked the former city. It was almost ruined in 1717 but was rebuilt only to be again grasped by a series of earthquakes from 1751 to 1773. Then the *cabildo* of the time set up a fourth Santiago which is the Guatemala City of to-day.

The older city, however, did not simply cease to exist, and in it to-day—it is only a delightful motor ride from Guatemala City—may be found some of the most pretentious ruins in the new world. The palace—a magnificent building fronting the plaza—has withstood the earthquakes, but beneath its hundred graceful arches are now shops and offices of all sorts. Of the cathedral only a few chapels remain, but several beautiful little churches still stand out of the fifty or more which once dotted the city. The cathedral was 300 feet long and 120 feet wide. It had sixteen chapels and the high altar was supported by pillars covered with tortoise shell.

At the height of the Spanish occupation there were around two hundred cities in Central America and each of them had its church. Everywhere the church and the state went hand in hand. From the days of the *conquistadores,* every representative of Spain was charged with the duty of promoting the Faith. Many of these cities have vanished leaving only a church or the ruins of a church with the jungle running up almost to the door. Time is not responsible for all the ruins. The church being usually the most substantial building in a district was sure at some time or other to be turned into a fort in some crazy revolution and bombarded. Nearly every church has run with blood—for the story of the Caribbean, until lately, has been one of blood.

CHAPTER III

THE GLORY OF THE SPANISH MAIN

WHEN Spain found herself the mistress of a new world larger than any world that Europe had ever imagined, she was at the very height of her power. She had fighting men in plenty and was also the mistress of the seas. Sailors in those days did not fight. It was their business to navigate the ships that carried the soldiers and their position was not much higher than that of the criminals and slaves who manned the ancient galleys. It was the British who discovered that sailors could both sail and fight. But at any rate the Spaniards had the power to keep the new realm to themselves and they gave notice to the world to keep out. Behind that notice was the force of the Spanish arms—and they were strong arms.

The Spaniards were cruel and ruthless conquerors but so were all the pioneers in the new world. We cover up the atrocities of our colonists by putting the blame on the Indians! It was a pious act for a Puritan to kill an Indian in self defence but a hideous crime for an Indian to kill a Puritan under any circumstances. The crimes of the *conquistadores* did not go unnoticed. Bartolomé de las Casas, a Dominican, made himself the champion of the Indians and it was largely due to his accounts that Charles V tried to bring

about reforms. The old Spaniards did not understand and neither do their descendants that force does not comprehend the entirety of government.

Great tales began to reach England, France and Holland concerning the wealth which Spain was taking from the Indies—and allowing no one to share. John Hawkins—afterwards Sir John Hawkins—was quite ill treated when he arrived in New Spain with a cargo of slaves he had picked up in Africa. He actually had to land armed men at several points before he could get permission to sell his cargo. British humour must have been low at the time, for the reception of Hawkins caused great indignation which centred about the way Spain was acting towards the Indians. It was one thing to sell negroes thousands of miles from their homes and quite another thing to enslave Indians in their homelands. Of course, the religious question entered. It was more than vile for Catholics to take gold that Protestants could use to so much better purpose.

Never before had any nation gone beyond the seas—or anywhere, in fact—and found limitless gold for the asking. We do not to-day know how much gold and silver Spain actually did take out of the Americas—almost entirely from South America. The estimates are only guesses but the totals must have run far into the hundreds of millions of dollars over the centuries and there are those who think that the amount may have been in the thousands of millions. But whatever the amount it is certain that the smaller sums which were shipped in the sixteenth century were great enough, even without the exaggeration of the reports, to inflame all Europe.

Taking out the gold was big business and the paved trail

known as the Camino Real leading from Panama City at first to Nombre de Dios and then to Puerto Bello was easily the richest trade route in the world. Over it came the gold from the Incas and the silver from the mines of Potosí. The gold from New Granada came down the Magdalena River and was sent out from Cartagena. These were the great gold ports of the Spanish Main—which extended roughly from Santa Marta in the present Colombia to Cape Gracias a Dios at the tip of the present Honduras.

In the earlier days any Spanish ship which qualified might go into the American trade and sail alone, but soon the whole Spanish Main was infested with pirate and half-pirate ships from France, Holland and England and they picked off so many rich cargoes that in 1561 the Council issued a decree making fleet sailings obligatory. Two fleets went out each year—one to Vera Cruz and the other to Cartagena and Puerto Bello. The galleons, as the southern bound fleet was called, usually had six or eight war vessels, some smaller scouting boats and forty or more merchantmen.

This fleet reached Cartagena ordinarily about two months after its departure from Cadiz. Its arrival set South America stirring. The commander sent the news to Puerto Bello, together with the packets destined for the viceroy at Lima. From Puerto Bello a courier hastened across the Isthmus to Panama, and spread the news amongst the merchants, and, at the same time, started a dispatch boat to Payta, in Peru. From Cartagena another courier went overland to Lima, and still another to Santa Fé, the capital of the interior province of New Granada, whence runners carried to Popayan, Antioquia, Margarita, and adjacent provinces, the news

From a portrait in the Archives of the Indies, Seville.

From a portrait in the Hospital de Jesús, Mexico.

The conquerors of Central America. Pedro de Alvarado (left). Hernando Cortés.

The jungles the *conquistadores* travelled. A characteristic view of Caribbean lowlands. This is an airplane view over Nicaragua.

of the arrival. The galleons were instructed to remain at Cartagena only a month, but bribes from the merchants generally made it their interest to linger for fifty or sixty days. To Cartagena came the gold and emeralds of New Granada, the pearls of Margarita and Rancherias, and the indigo, tobacco, cocoa and other products of the Venezuelan coast. The merchants of Guatemala shipped their commodities to Cartagena by way of Lake Nicaragua and San Juan river, for they feared to send goods across the Gulf of Honduras to Havana, because of the French and English buccaneers hanging about Cape San Antonio. Meanwhile the viceroy at Lima, on receipt of his letters, ordered the Armada of the South Sea to prepare to sail, and sent word south to Chile and throughout the province of Peru from Las Charces to Quito, to forward the King's revenues for shipment to Panama. Within less than a fortnight all was in readiness. The Armada, carrying a considerable treasure, sailed from Callao and, touching at Payta, was joined by the Navio del Oro (golden ship), which carried the gold from the province of Quito and adjacent districts. While the galleons were approaching Puerto Bello the South Sea fleet arrived before Panama, and the merchants of Chile and Peru began to transfer their merchandise on mules across the high back of the Isthmus.

The great city of the Isthmus was Panama, for the ports on the Caribbean were too unhealthful for anyone to live in them who did not have to. Exquemelin saw the city in 1671 and he wrote: *

"There belonged to this city (which is also the head of a

* *Panama* by Albert Edwards.

bishopric) eight monasteries, whereof seven were for men and one for women; two stately churches and one hospital. The churches and monasteries were all richly adorned with altar-pieces and paintings, huge quantity of gold and silver, with other precious things; . . . Besides which ornaments, here were to be seen two thousand houses of magnificent and prodigious building, being all of the greatest part inhabited by merchants of that country, who are vastly rich. For the rest of the inhabitants of lesser quality and tradesmen, this city contained five thousand houses more. Here were also great numbers of stables, which served for the horses and mules, that carry all the plate, belonging as well unto the King of Spain as to private men, towards the coast of the North Sea. The neighbouring fields belonging to this city are all cultivated and fertile plantations, and pleasant gardens, which afford delicious prospects unto the inhabitants the whole year long."

More than likely Exquemelin drew the long bow a bit, for some of the research about the present Panama City tends to cast doubt upon its reputed extent in ancient times. On the other hand the Spaniards could be good builders and Panama, being at the very centre of wealth would have been likely to do itself rather well. But in any case the Isthmus must have been a busy place in the golden days. One Thomas Gage, an English priest who wandered through the country and eventually returned to England, set down his notes in a book which he published in 1648. He left Panama on foot for the Chagres River and there took boat for Puerto Bello:

"We got out to the open sea, discovering first the Escuedo de Veragua, and keeping somewhat close unto the land, we

went on rowing towards Portobel, till the evening which was Saturday night; then we cast anchor behind a little Island, resolving in the morning to enter in Portobel. The Blackmores all that night kept watch for fear of Hollanders, whom they said did often lie in wait there abouts for the boats of Chiagre; but we passed the night safely and the next morning got to Portobelo, whose haven we observed to be very strong with two Castles at the mouth and constant watch within them, and another called St. Miguel further in the Port. . . .

"My first thoughts were of taking up a lodging, which at that time were plentifull and cheape, nay some were offered me for nothing with this caveat, that when the Galeons did come, I must either leave them, or pay a dear rate for them. A kind Gentleman, who was the Kings Treasurer, falling in discourse with me promised to help me, that I might be cheaply lodged even when the ships came, and lodgings were at the highest rate. He, interposing his authority, went with me to seeke one, which at the time of the fleets being there, might continue to be mine. It was no bigger than would containe a bed, a table, a stoole or two, with roome enough beside to open and shut the doore, and they demanded of me for it during the aforesaid time of the fleet, sixscore Crownes, which commonly is a fortnight. For the Towne being little, and the Souldiers, that come with the Galeons for their defence at least four or five thousand; besides merchants from Peru, from Spain and many other places to buy and sell, is cause that every room, though never so small, be dear; and sometimes all the lodgings in the Towne are few enough for so many people, which at that time doe meet at Portobel. I

knew a Merchant who gave a thousand Crownes for a shop of reasonable bigness, to sell his wares and commodities that yeer I was there, for fifteen daies only, which the Fleet continued to be in that Haven. . . .

"I visited the Castles, which indeed seemed unto me to be very strong; but what most I wondered at was to see the requa's of Mules which came thiether from Panama, laden with wedges of silver; in one day I told two hundred mules laden with nothing else, which were unladen in the publicke Market-Place, so that there the heapes of silver wedges lay like heaps of stones in the street, without any feare or suspition of being lost. Within ten daies the fleet came, consisting of eight Galeons and ten Merchant ships, which forced me to run to my hole. It was a wonder then to see the multitude of people in those streets which the weeke before had been empty. . . .

"It was worth seeing," Gage continues, "how Merchants sold their commodities, not by the Ell or yard, but by piece and weight, not paying in coined pieces of money, but in wedges, which were weighed and taken for commodities. This lasted fifteen days, whilst the Galeons were lading with wedges of silver and nothing else; so that for those fifteen daies I dare boldly say and avouch that in the world there is no greater Fair than that of Portobel, between the Spanish Merchants and those of Peru, Panama, and other places there about. . . .

"Don Carlos de Ybarra, who was the Admirall of that Fleet, made great haste to bee gone; which made the Merchants buy and sell apace, and lade the ships with silver wedges; whereof I was glad, for the more they laded, the lesse

The champion of the Indians—Bartolomé de las Casas.

The port of gold and death. Lookout tower of the old fort at Puerto Bello (above). Ruins of the powder magazine.

I unladed my purse with buying deare provisions, and sooner I hoped to be out of that unhealthy place, which itselfe is very hot, and subject to breed Feavers, nay death, if the feet bee not preserved from wetting when it raineth; but especially when the Fleet is there, it is an open grave ready to swallow in part of that numerous people, which at that time resort unto it, as was seene the yeare that I was there, when about five hundred of the Soldiers, Merchants and Mariners, what with Feavers, what with Flux caused by too much eating of fruit and drinking of water, what with other disorders lost their lives, finding it to bee to them not Porto bello, but Porto malo."

The powers of Europe had no intention of allowing Spain to have her way in the Western world and so quite shortly the Caribbean began to be a sea of blood and continued so for more than two centuries with the English usually pitted against the Spanish and with the French and Dutch on one side or the other. It did not make much difference whether these countries were at war or at peace in Europe. Indeed for a time it was stoutly maintained that peace treaties did not run so far beyond the seas—but anyway it was unthinkable for Spain to have a monopoly of apparently all the riches in the world and especially so in a day when the approved method of getting wealth was to go where it was and take it. Sir John Hawkins was, as has been noted, quite badly treated in his efforts to set up in the slave trade with the West Indies. One Francis Drake had joined him on the last disastrous voyage and lost his all. It became something of an obsession with Drake to recover what he had lost and with ample interest. In 1570 and again in the following year he

voyaged to the West Indies largely to gain information and then in 1572 sailed from Plymouth with the "Pacha" of seventy tons, the "Swan" of twenty-five tons and a total crew of seventy-three men. With this crew he purposed revenging himself on the Spaniards.

In July he appeared off Nombre de Dios and quickly took the town. Then he sailed toward Cartagena making several captures. At the Isthmus of Darién he found some settlements of Cimarrones, which was a name (spelled in various ways) given to negroes who had escaped from slavery and taken to the wilds. They as well as the Indians hated the Spaniards and in later years they were always found on the side of any party that was attacking their enemies. One of their chiefs guided Drake and an expedition to capture a pack train bound with treasure from Panama. But the privateers got a grain train instead of a silver caravan and only after great hardships did they regain their ships and return to England. With Drake was John Oxenham and he, two years later, with one ship and seventy men came back to Darién to raid a treasure train. He found that since Drake's attempt they were heavily guarded and so he gave up the plan and instead marched on to the Pacific, built himself a small vessel and cruised along the coast—being the first Englishman to sail upon the Pacific Ocean.

In 1577 Drake began the great voyage that took him along the coast of South America, through the Straits of Magellan and along the west coast as far north as California and then home by way of the Cape of Good Hope. He found the ports of Peru unfortified and rich with booty. He returned home after three years, laden with gold and silver, silk and all

manner of precious stones and was at once the hero of England and an example for all seafaring men.

Spain began to bother about the rising sea power of Britain and Queen Elizabeth soon heard of plans being laid to crush her kingdom. She determined to strike first and in the left-handed manner of the time granted letters of marque to Drake. He organized a squadron of twenty-five ships manned by more than two thousand sailors and soldiers. Directly under him was Martin Frobisher. In 1585 the fleet set sail to the Indies. On his way he took Santiago and the Cape de Verde Islands and left with most of their provisions and treasure. His first objective was the city of Santo Domingo in Hispaniola which was then one of the chief Spanish strongholds in the West Indies. On New Year's Day, 1586, he secretly landed troops and the next day quickly took the city. He secured a ransom equivalent to about sixty thousand dollars, destroyed or took with him all the vessels in the harbour and a great store of cannon and provisions. Then he made for Cartagena—which he knew well.

The Spaniards had planned to make the city impregnable but the walls and fortifications were not wholly completed. The city was then as now at the eastern extremity of the Bay of Cartagena and the larger part of the eventual fortifications including the walls is still standing in a fair state of preservation. To the southwest it faces the harbour and to the northwest it is bounded by the open sea and great high walls. The harbour was blocked by the island of Tierra Bomba, at each end of which was an entrance for ships. The larger entrance known as the Boca Grande was open in Drake's time but was afterwards closed and commerce had

to enter by the smaller entrance called the Boca Chica. Subsequently every point of entrance from the sea was defended by forts and also there was a chain of forts about the city. The defences had already gone far enough for Philip of Spain to regard the city as able to defend itself against any force England might bring to bear and when the governor learned of Drake's approach he could not get reinforcements. He had to depend on hardly more than a thousand men about half of whom were trained soldiers.

Drake entered through the Boca Grande without trouble and the next day carried the city by storm. He had planned permanently to hold Cartagena as a base for the conquest of the Spanish possessions but, yellow fever breaking out, he decided to give up attacking Panama and go home. He demanded a ransom and in the haggling over it burned part of the city. Finally the Spanish raised about four hundred thousand dollars and Drake sailed home capturing St. Augustine in Florida on the way. Altogether he lost 750 men, most of them by disease. Drake laid the foundation for an undying hatred between the English and the Spanish. Also he laid the foundation for British sea power which manifested itself immediately. In 1587 he attacked Cadiz destroying thirty-three vessels and in the next year as Vice-Admiral dispersed the great Spanish Armada which had set out to destroy England. In his final voyage to the Indies he had Sir John Hawkins as Vice-Admiral. Hawkins died off Puerto Rico and two months later Drake himself died on his ship off Puerto Bello.

The exploits of Drake showed that the Spanish were anything but invincible in their new colonies and since the laws did not run to the Indies, the roving sailor men who took

turns at smuggling, slave trading or any adventure which promised a profit gave themselves over to buccaneering—which was simply piracy under cover of the law. The cover of the law was had by obtaining letters of marque which gave the status of privateer. The French and the Dutch were just as active as the British but it was a poor sort of a pirate who did not have commissions from all three governments and the ships changed their nationalities whenever it seemed expedient. They made their headquarters for a time on the island of Santo Domingo on which were great herds of wild cattle that had developed from the herds of domestic cattle abandoned by the Spaniards. The few natives still left made a business of butchering and preserving beef at little establishments which they called "boucans." The sailors learned "boucanning" from them and hence came to be known as buccaneers.

The Spanish had degenerated from the earlier days of their conquests. The easy treasure apparently was too much for them and although brave enough in battle they were but seldom really prepared to fight either on land or at sea and also singularly indisposed to co-operate with one another. Officials generally were so busy feathering their own nests that they gave little heed to helping any other district and so, although the total power of Spain in the New World was very great, it was a sprawling power and particularly open to the swift raids of recklessly brave men. And likewise the Spanish ships were clumsy, unseaworthy and easily outmanœuvred by the long, low, close-sailing sloops and barques of the buccaneers:

"But it was not their only weakness. Although the king

expressly prohibited the loading of merchandise on the galleons except on the king's account, this rule was often broken for the private profit of the captain, the sailors, and even of the general. The men-of-war, indeed, were sometimes so embarrassed with goods and passengers that it was scarcely possible to defend them when attacked. The galleon which bore the general's flag had often as many as seven hundred souls, crew, marines and passengers, on board, and the same number were crowded upon those carrying the vice-admiral and the pilot. Ship-masters frequently hired guns, anchors, cables, and stores to make up the required equipment, and men to fill up the muster-rolls, against the time when the "visitadors" came on board to make their official inspection, getting rid of the stores and men immediately afterward. Merchant ships were armed with such feeble crews, owing to excessive crowding, that it was all they could do to withstand the least spell of bad weather, let alone out-manœuvre a swift-sailing buccaneer." *

The English were determined to establish themselves in the West Indies. In 1655 a great fleet of thirty-eight ships and eight thousand troops under Admiral Penn went out to capture Santo Domingo. In that he failed, but on the way back he took Jamaica, building a fort at Cagway—which is now Port Royal—and established a British base in the West Indies. The possession of it was eventually acknowledged by Spain. The English colonies were growing in North America, and although the Portuguese sovereignty in Brazil had long since been acknowledged and both the French and Dutch had claims, the possession of the New World narrowed to a con-

* Edwards, *Ibid.*

test between England and Spain. In 1665 Sir Thomas Modyford became the governor of Jamaica with the express instruction to drive out buccaneering—at the moment England and Spain happened to be at peace. It was estimated that well over two thousand men in fifteen or twenty ships were at that time picking ships off the Spanish Main and the greater part of them had Port Royal as a base. For Jamaica had been colonized largely from the prisons of England.

The crusade against buccaneering did not get far. England was shortly at war with the Dutch and France elected to join. Modyford was authorized to issue letters of marque and he commissioned Captain Edward Mansfield to lure the buccaneers to sail for a while under the British flag and prey upon their Dutch and French brethren. Henry Morgan had just arrived at Port Royal after enough of pirating to give him a taste for it and he joined Mansfield. They sacked a bit in Cuba and landing at San Juan del Norte, went up the river and through Lake Nicaragua to sack Granada. Then they sailed down the coast with the intention of taking Cartago, but Costa Rica was too much for them and they gave up the march at Turrialba.

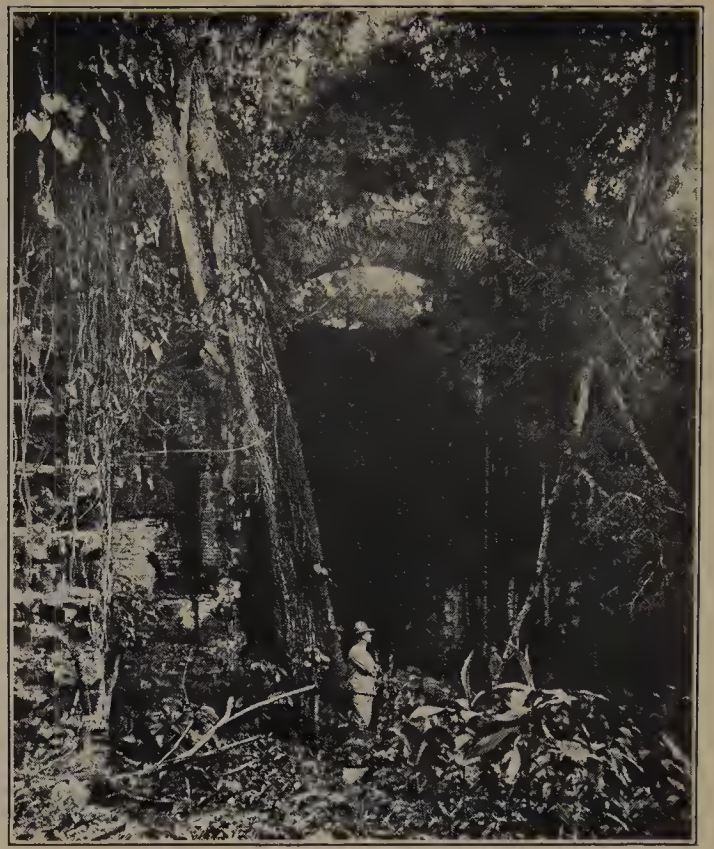
From that time onward Henry Morgan became the dominant figure of the Caribbean. Our main account of him comes down from John Exquemelin, who sailed with him and in 1678 published an account at Amsterdam which was soon translated into English. Morgan won a libel suit against the English publisher who afterwards so profusely apologized that it is hard to discover whether he was apologizing for the truth or for errors. There can be no doubt concerning the ability and bravery of Morgan but there is not much doubt

that he was more a pirate than a privateer and certainly as cruel as his age. Before joining Mansfield he with only a hundred men had sacked several towns in Mexico and coasting South had raided Rio Garta and Trujillo in the present Honduras. Then cruising along the Mosquito Coast he was attracted by Nicaragua. With his handful of men he took canoes up the San Juan River and captured Granada at night. He locked up several hundred of the more prosperous citizens in the cathedrals, plundered the city for a day and then left as he had come. The next year he induced Mansfield to repeat the exploit. Governor Modyford had no naval force of his own and, Mansfield having died, he put Morgan in charge of the sea defence of Jamaica and the warding off of a threatened attack. Morgan was then only thirty-three years old.

Morgan at once organized an expedition against Puerto Bello. He landed at night, captured the sentry, and posted his forces around the castle which stood outside the city. This is Exquemelin's account, in part: *

"Being thus posted under the walls of the Castle, Captain Morgan commanded the Centry, whom they had taken Prisoner, to speak unto those that were within, charging them to surrender, and deliver themselves up to his discretion; otherwise they should be all cut in pieces, without giving quarter to any one. But they would hearken to none of these threats, beginning instantly to fire; which gave notice unto the City, and this was suddenly alarm'd. Yet nothwithstanding, although the Governour and Souldiers of the said Castle made as great resistance as could be performed, they were constrained to surrender unto the Pirats. These no sooner

* *Admirals of the Caribbean* by Francis Russell Hart.



The Panama that Morgan sacked. Ruins of a church that he burned (left). The remains of the great cathedral.

From an engraving by Theo. de Bry, 1594.

With the aid of God and their horses—the equipment of the *conquistadores*.

had taken the Castle, but they resolved to be as good as their words, in putting the Spaniards to the Sword, thereby to strike a terrour into the rest of the City, Hereupon, having shut up all the Souldiers and Officers, as Prisoners, into one Room, they instantly set fire unto the Powder (whereof they found great quantity) and blew up the whole Castle into the air, with all the Spaniards that were within. This being done, they pursued the course of their Victory, falling upon the City, which as yet was not in order to receive them. . . . The Governour of the City not being able to rally the Citizens, through the huge confusion of the Town, retired into one of the Castles remaining, and from thence began to fire incessantly at the Pirats. But these were not in the least negligent either to assault him, or defend themselves with all the courage imaginable. Thus it was observable, that amidst the horrour of the Assault, they made very few shot in vain. For aiming with great dexterity at the mouths of the Guns, the Spaniards were certain to lose one or two men every time they charged each Gun anew.

"The assault of this Castle where the Governour was, continued very furious on both sides, from break of day until noon. Yea, about this time of the day, the case was very dubious which party should conquer or be conquered. At last the Pirats perceiving they had lost many men, and as yet advanced but little towards the gaining either this or the other Castles remaining, thought to make use of Fire-balls, which they threw with their hands, designing, if possible, to burn the doors of the Castle. But going about to put this in execution, the Spaniards from the Walls let fall great quantity of stones, and earthen pots full of Powder, and other

combustible matter, which forced them to desist from that attempt . . . therefore he ordered ten or twelve Ladders to be made, in all possible haste, so broad, that three or four men at once might ascend by them. These being finished, he commanded all the Religious men and women whom he had taken Prisoners, to fix them against the Walls of the Castle. Thus much he had before-hand threatened the Governour to perform, in case he delivered not the Castle. But his answer was, He would never surrender himself alive. . . . But nothing could prevail with the obstinacy and fierceness that had possessed the Governour's mind. Thus many of the Religious men and Nuns were killed before they could fix the Ladders. Which at last being done, though with great loss of the said Religious people, the Pirats mounted them in great numbers, and with no less valour; having Fire-balls in their hands, and Earthen-pots full of Powder. All which things, being now at the top of the Walls, they kindled and cast in among the Spaniards.

"This effort of the Pirats was very great: Insomuch as the Spaniards could no longer resist nor defend the Castle, which was now entered. Hereupon they all threw down their Arms, and craved quarter for their lives. Onely the Governour of the City would admit nor crave no mercy; but rather killed many of the Pirats with his own hands, and not a few of his own Souldiers, because they did not stand to their Arms. And although the Pirats asked him if he would have quarter, yet he constantly answer'd, By no means: I had rather die as a valiant Souldier, than be hanged as a Coward. They endeavoured, as much as they could, to take him Prisoner. But he defended himself so obstinately, as that they were forced

to kill him; notwithstanding all the cries and tears of his own Wife and Daughter, who begged of him upon their knees he would demand quarter and save his life. When the Pirats had possessed themselves of the Castle, which was about night, they enclosed therein all the Prisoners they had taken, placing the women and men by themselves, with some Guards upon them. All the wounded were put into a certain apartment by itself, to the intent their own complaints might be the cure of their diseases; for no other was afforded them."

Morgan completely pillaged the city and the Governor of Panama, coming across with a rescuing force was not only repulsed but forced to pay tribute to save Puerto Bello from being burned. Then Morgan retired to Cuba, divided the booty which amounted to about one million dollars and, returning to Jamaica, persuaded Modyford that the expedition had been wholly necessary in the course of his duty to defend Jamaica.

An open war with Spain was no longer avoidable—if anyone had wanted to avoid it. The Spaniards sent out warships and commissioned privateers of their own. They made a small raid on Jamaica and once more Morgan was given a commission to command all the British ships and to attack on land as well as at sea. He set forth to take Panama and in January, 1671, having captured the forts at the mouth of the Chagres River, he set forth across the Isthmus with 1400 men. He had to abandon his boats and go afoot—expecting to live on the country. But the Spaniards were ready for him and had burned everything bare. On the ninth day they came in sight of the city. On the next day he advanced towards the city driving back the Spanish force which was

sent out to head them off. The Spaniards used great numbers of wild bulls driven by Indians and negroes on which they placed great dependence but which did not seem to greatly bother Morgan's men.

"They found much difficulty," (says Exquemelin) "in their Approach unto the City. For within the Town the Spaniards had placed many great Guns, at several Quarters thereof, some of which were charged with small pieces of Iron, and others with Musket-bullets; With all these they saluted the Pirats, at their drawing nigh unto the place, and gave them full and frequent Broad-sides, firing at them incessantly. From whence it came to pass, that unavoidably they lost at every step they advanced, great numbers of Men. But neither these manifest Dangers of their Lives, nor the sight of so many of their own, as dropped down continually at their Sides, could deter them from advancing farther, and gaining Ground every moment upon the Enemy. Thus although the Spaniards never ceased to fire, and act the best they could for their Defence, yet notwithstanding they were forced to deliver the City after the space of three hours Combat. And the Pirats having now possessed themselves thereof, both killed and destroyed as many as attempted to make the least opposition against them. The inhabitants had caused the best of their Goods to be transported unto more remote and occult places. Howbeit they found within the City as yet, several Ware-houses, very well stockt with all sorts of Merchandize, as well Silks and Cloths, as Linnen, and other things of considerable value." *

Then began the looting. Exquemelin says that Morgan

* *Admirals of the Caribbean* by Francis Russell Hart.

FROM HERRERA'S "HISTORIA DE LAS INDIAS."

Quesada, the conqueror of Colombia, and the kind of country he traversed. An airplane view of the Magdalena River at El Banco.

Cartagena, the Gibraltar of the Indies. Views of the Spanish fortifications.

started fires but the Spanish records say that the Spaniards themselves started them so that Morgan could gain nothing from the warehouses. Most of the Spanish soldiers and inhabitants took to the country and at the approach of Morgan the President of Panama had caused most of the gold, jewels and church ornaments to be loaded into a galleon and sent to sea. Captain Morgan sent searching parties out through the country rounding up the escaped citizens and sometimes putting them to the torture to make them reveal the hiding places of their goods. He manned ships in the harbour and sent them out cruising but although they captured a number of vessels they did not get the treasure galleon. After three weeks he loaded the booty on two hundred pack animals and in good order made his way back to Puerto Bello and thence to Port Royal—although with by no means all the ships that had started. Some had been lost while others preferred to stay out privateering.

In July 1670 a peace treaty had been concluded between England and Spain which specifically included the relations with the New World. The sacking of Panama had taken place after this treaty and the British had to do something about it. London ordered both Modyford and Morgan home as prisoners but this was only a gesture and in little more than a year Morgan was knighted and went out to Jamaica again as lieutenant-governor—where he lived a rather stormy life and died a peaceful death. In the log of H.M.S. "Assistance" is this item:

"August 1688. Saturday 25. This day about eleven hours noone Sir Henry Morgan died, & the 26th was brought over from Passagefort to the King's house at Port-Royall, from

thence to the Church, & after a sermon was carried to the Pallisadoes & there buried. All the forts fired an equal number of guns, wee fired two & twenty & after wee & the Drake had fired, all the merchant men fired."

His death was only an incident in the struggle for the Caribbean which was to endure through another century.

CHAPTER IV

THE STRUGGLE FOR THE CARIBBEAN

THE remarkable exploits of Captain Morgan and the immense booty which he gained started pirating anew. The destruction of Puerto Bello and Panama greatly weakened Spain but the weakness would not have been irreparable had the flow of treasure continued. But at the time of Morgan's attack, the outflow of commerce was scarcely half of what it had been at its height. The Indians everywhere had been plucked of their ornaments and the mining of precious metals was slow business. The white population of neither Central nor South America was large. The jungles of the Caribbean lowlands were shunned by the Spaniards for they held only pestilence and death. The trade had to go out by way of the Pacific coast, but outside of indigo, cochineal and some precious metals they had nothing to export. And even these products by the time they reached Spain, which was the only country they could have any commerce with, had lost so much of their value in transportation that the planter had little profit.

The American tropics have always held out the lure of wealth but they have no wealth for the asking. Spain held her territory preserving a vision against a fact. The other powers fought her for that vision and made conquests that never returned even the value of the powder and shot ex-

pended. And finally when independence came to these geographical divisions which were neither nations nor colonies they too fought among themselves in pursuit of a mirage. The fable of the wealth of the Indies has never died. It persists even to-day—even though what wealth these countries now have is almost wholly the result of North American effort in developing products that the eighteenth century scarcely knew and then finding purchasers for them in the United States. Until this modern commerce grew up these countries had almost nothing to offer the world. Yet that nothing was bitterly fought for. Hundreds of lives were lost in trying to thrust settlements on shores where white men could not live as they then knew how to live and where they could not have fed themselves.

The British attempted to settle in various parts. They maintained groups on the Mosquito Coast for some years—although these were mostly just pirate hangouts. Some traders secured a concession from Spain to take logwood out of the region around Belize in what is now British Honduras. But the most enterprising as well as by far the most disastrous effort was that of the Company of Scotland, modelled on the lines of the East India Company and erected by the Scotch Parliament in 1695.

William Paterson, a Scotch preacher and one of the founders of the Bank of England was the chief promoter. He had been out to Jamaica and knew something of the riches of Spain at first-hand. He planned to put a colony into Panama but in his early public announcements he talked only of the Orient. The Scots subscribed two million dollars and paid a quarter of it down in cash on the first call. In

July 1698 three ships and two tenders sailed from Leith with twelve hundred men who signed contracts practically as indentured servants and three hundred gentlemen volunteers who had returned from the wars in Flanders and were looking for excitement. The orders—which they opened at Madeira—were to proceed to the "Golden Island in the Bay of Acla" and found a colony to be called "New Caledonia." In November they reached Darién where they began Fort of St. Andrew and a town to be called New Edinburgh.

They did not make much progress. They were liberally supplied with Presbyterian ministers who discovered all sorts of occasions on which to preach sermons from four to ten hours long. One of their boats was driven ashore near Cartagena and the Spanish took it and sent the crew to Spain to be tried for piracy. The London merchants of the East India Company succeeded in getting King William to repudiate the Scots and to forbid all colonial governors to give them aid. In June two hundred and fifty of them took a ship and deserted. After a terrible voyage one hundred of them reached New York.

The company at home knew nothing of all this. They raised more money and they sent out more ships and more colonists. These squabbled among themselves and drank mighty amounts of brandy. Fever ravaged them. Finally Spain sent a squadron in force and in April, 1700, the survivors left—some of them going to Jamaica and others to North America. The Company of Scotland squandered two thousand lives and over a million dollars in cash on the sunny shores of Darién.

But the Spaniards had no peace. Things were much the

same whether they were officially at peace or at war. The buccaneers found easy pickings on the Pacific coast and William Dampier sacked León. In 1698 all Europe combined against Louis XIV of France and, while everyone was busy fighting in Europe, Spain learned to her surprise that Cartagena had been taken by a French fleet under Admiral de Pointis. He had slipped out of Brest and joined with a squadron of buccaneers mobilized by Admiral du Casse at Santo Domingo. The French took the city in orderly fashion and exacted tribute in orderly fashion without looting. Their departure was hastened by fever which struck down eight hundred men in a week. Some of the buccaneers were not satisfied with the division of the spoils and, without the knowledge of the admirals, eight vessels turned back and made another levy.

In that war England and Spain were on the same side but that alignment did not last long and by 1739 they were at war again and a real fleet set out from Portsmouth under Admiral Vernon to make a clean sweep of all the Spanish settlements. He took Puerto Bello without any trouble and, refitting, bombarded Cartagena. He found a different Cartagena from the one which had previously been taken by both the English and the French. In the first attack he had to retire and it was not until January 1741 that he appeared again before the walls and this time with a very large force. He had thirty ships of the line and some ninety other vessels manned by fifteen thousand sailors. The transports carried twelve thousand British troops and were joined at Jamaica by thirty-six hundred men drawn from Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania,

Maryland, Virginia and North Carolina. These colonial troops had among their officers Colonel Laurence Washington, the half-brother of George Washington, and it was in honour of his friend that Laurence gave to his Virginia estate the name of Mount Vernon—the estate which George Washington later inherited.

It was a disastrous expedition. A ship silenced the outlying batteries and castles and entered the bay. The Spanish had only about four thousand men and less than half of them were seasoned soldiers but they had the protection of strong walls. The British troops laid siege and spent about three months in varied attacks which caused great damage but did not take them near victory. The Spaniards had only to wait and let the fevers fight for them. That they knew. That the British did not know in the beginning. They learned it only when nearly half their troops had died. Then they withdrew.

The colonial troops were not used much in battle owing to general mismanagement and the suspicion that they were Papists. But they fell heavily before the fever and Laurence Washington's death was due to the diseases he contracted before Cartagena. That was the last foreign assault on Spain's strongest fortification in the Western World.

The defeat, however, did not end the struggle for the Caribbean. The House of Bourbon kept France and Spain united against England and although there was a period of nominal peace the English and the French colonists were often in battle. In 1756 began the Seven Years' War which brought Lord Rodney into the Caribbean. He was the last of the great admirals. He took Martinque from the French in 1762

and shortly learned of the departure of a great French fleet. Holding his main fleet at the Leeward Islands, he sent off another squadron which bombarded Morro Castle and took Havana leaving Cartagena as the only fortified naval base still held by Spain in the Caribbean. The treaty of peace which came in 1763 gave the Grenadines, Dominica, St. Vincent and Tobago to Great Britain and to France were restored Guadeloupe, Martinque and St. Lucie but she had to give up the entirety of Canada and part of Louisiana. Spain gave up all of North America to the east of the Mississippi River but Havana was returned to her. Thus for the time being something which Great Britain considered in the nature of an equilibrium was established in the New World. That equilibrium was not to be further disturbed by the powers of Europe but it was shortly to be broken up by the restless forces of revolution which brought with them more of disorder and disaster than even the buccaneers had been able to engender.

It has been calculated that at this period Spanish America had altogether about seventeen million inhabitants and that of these about seven and a half million were Indians, three and a quarter million were whites, three-quarters of a million were negroes whose ancestors had been brought from Africa as slaves and about five and one-quarter millions were of mixed races. The mixtures were even then complex and today they are still more complex. The white inhabitants were divided into two classes—those who had been born in Spain and those who had been born in the colonies. The latter were known as creoles. The distinction was an artificial one and rather difficult to understand but it was made much of in the

appointments to colonial office. The mestizos were the children of Indian and Spanish parents. The mulattoes of white and negro parents. The sambos of Indian and negro parents and finally the pardos who came of white and mulatto parents.

The aristocrats were the creoles. They looked to Spain. Those who could afford it sent their children to Spain to be educated—and often they were more Spanish than the Spanish. Had their rights been considered, Spain would never have lost her colonial possessions and indeed in the subsequent revolutions many of these creoles declared that they were not revolting against Spain but against Napoleon's usurping of the Spanish crown. However Spanish policy did its utmost to alienate the creoles. They were rarely appointed to office. They and everybody else were heavily taxed. They could trade only with Spain and that trade was restricted to certain ports in the Americas and in Spain. The taxes were particularly oppressive.

In this state of facts, the revolution of North America was bound to have an effect. Our Declaration of Independence had a wide influence and so had the works of the French writers—which had to be smuggled in. Curiously enough the Catholic Church, which had been a bulwark of royal authority and had amassed a very large amount of property, was in part by the action of Charles III made an instrument of revolution. The Jesuits had established missions and colleges in many parts of New Spain. They became the richest of all the orders and the object of a good deal of jealousy. Thus it was easy to suspect them of disloyalty. And in 1767 a royal decree expelled all the members of the society from the

Spanish possessions. This action not only broke down education in the colonies but many of the exiles made plans to get rid of Spanish control. Father Viscardo y Guzmán wrote a pamphlet advocating independence and this later was widely printed by revolutionaries as a kind of declaration of independence. England as a hereditary enemy of Spain gave asylum and unofficial encouragement to all the revolutionary movements.

The countries of Central America gained their independence from the rule of Spain without a struggle and as an incident to the successful revolutions in South America and in Mexico. They had independence more or less unexpectedly thrust upon them; they had never evidenced any strong desire for self-government—if they had any conception of self-government. This is of importance in considering the subsequent developments of the countries. The North American colonies wanted to govern themselves. The Spanish colonies never did, but after independence had been thrust upon them a great number of people were intensely anxious to take over the responsibility and to that anxiety is due the chaos which followed the separation from Spain.

The great leader was Simón de Bolívar, a creole of Venezuela, who had been educated abroad. His theatre was New Granada and Venezuela but as the first man to make independence a fact he is regarded by all Latin-Americans as the Liberator. There may be some Spanish-American city which has not a statue of him but if so it is not of record. He was only five feet six inches tall and lean of limb and body, but in spite of his size he had a commanding personality which he could exert as well in haranguing a crowd as

in leading an army. Above all he did not know when he was beaten. One of his enemies once said: "When vanquished, Bolívar is more terrible than when he conquers."

In 1810 a group of delegates meeting in Bogotá deposed the viceroy and vested the government in a *Junta.* In the next year they adopted a constitution for the United Provinces of New Granada but it was not until 1813 that they adopted a declaration of independence from Spain. They took as one of their grounds the transfer of the crown of Spain to Napoleon. The Royalists and the Spaniards concentrated in Venezuela and against them General Bolívar led an army of New Granada proclaiming on the way a war of death to all Spaniards. The war became exactly that—neither side giving quarter. He captured Caracas and was proclaimed the Liberator of Venezuela. Then he went back and conquered the province of Cundinamarca which had set up a government distinct from Bogotá. In 1815 Spain sent out a strong force of troops which reconquered New Granada and Venezuela. Bolívar took refuge in Jamaica. Within two years he was back in Venezuela heading a guerilla band and soon had established a capital at Angostura in the lower valley of the Orinoco. In 1819 at the head of an army of two thousand men, including a British legion, he traversed the wilderness, climbed the Andes, marched across the plateau of Pisba—a desert thirteen thousand feet above sea level—and, catching the Royalist army at a bridge across the River Boyacá, defeated them. The viceroy fled from Bogotá and not long afterwards General Morillo, who had reconquered the country for Spain, declared his inability to restore authority.

Thereupon was created the Republic of Colombia with

Bolívar as president. It was divided into Venezuela, Cundinamarca (which is roughly the present Colombia) and Quito. General Santander was made vice-president of Cundinamarca. During this same period Mexico was also somewhat in revolt. In 1820 came the insurrection in the Spanish Peninsula which sheared Ferdinand VII of his absolute power and brought instructions to the Spanish representatives to make whatever peace they could in the colonies. The viceroy of Mexico selected as a commander against the revolutionists Colonel Augustín de Iturbide—a creole who had previously been demoted for misconduct. Iturbide instead of proceeding against the revolutionaries made a compact with them by which Mexico was proclaimed independent from Spain and set up as a separate monarchy with Ferdinand VII or some member of his family as king.

They deposed the viceroy, and his successor, finding Iturbide in complete control, signed a treaty which provided among other things that if a Spanish prince did not accept the Mexican throne the Mexicans might elect a monarch. Iturbide at once set up a *Junta* with himself at the head, and on July 21, 1822, had himself crowned as Augustín I, Emperor of Mexico.

The provinces of Central America had in the meantime been declaring their independence. On September 15, 1821, a *Junta* brought together by the captain-general of Guatemala declared for independence. In the same month Comayagua in Honduras did likewise but also declared itself independent of Guatemala. The same action was taken by Nicaragua. The new emperor had no intention of allowing a lot of new states to set up and he ordered one of his generals—Vicente

Filisola—with an army to proceed to Guatemala City. On the march Salvador and Costa Rica declared for independence and union with Mexico. The other provinces were afraid to stand out against a union and in September 1822 Iturbide was everywhere proclaimed as emperor—which meant that his rule extended from the forty-second parallel of latitude to the Isthmus of Panama.

At various stages in all of these revolts, the revolutionists had sent emissaries to the United States to get aid and to get recognition. They did get aid but not official recognition —although they were promised that as soon as they had governments capable of being recognized. The aid they received was not official but it was both material and moral. Without the support of the United States during this period and more especially thereafter the independence could hardly have been maintained. For this revolt in the Western World was very disturbing to some of the European powers who conceived it as an exhibition of that democracy to which they were unalterably opposed.

On March 8, 1822, President Monroe sent to Congress a special message recommending that Colombia, Chile, Peru, La Plata and Mexico be recognized as independent nations. Spain noted the importance of that step and sent a note of protest to the European powers. The new nations scarcely comprehended what it meant. President Monroe sent Joel R. Poinsett of South Carolina to the court of Emperor Iturbide to see what it was all about. Mr. Poinsett's description is interesting but was hardly reassuring. He reported:

"I was presented to His Majesty this morning. . . . Two of his favourites were with him. . . . He is about five feet

ten or eleven inches high, stoutly made and well proportioned. His face is oval, and his features are very good except his eyes, which were constantly bent on the ground or averted. His hair is brown with red whiskers, and his complexion fair and ruddy, more like that of a German than of a Spaniard. . . . I will not repeat the tales I hear daily of the character and conduct of this man. . . . In the interval between the defeat of the patriot cause and the last revolution, he resided in the capital, and in a society not remarkable for strict morals, he was distinguished for his immorality. His usurpation of the chief authority has been the most glaring, and unjustifiable; and his exercise of power arbitrary and tyrannical. With a pleasing address and a prepossessing exterior, and by lavish profusion, he has attached the officers and soldiers to his person, and so long as he possesses the means of paying and rewarding them, so long will he maintain himself on the throne; when these fail he will be precipitated from it. . . . Aware of the state of his funds, and of the probable consequence to himself of their failure, he is making great exertions to negotiate loans in England; and such is the infatuation of the monied men in that country, that it is possible he may effect his object."

The United States moved quickly to recognize the new states largely because of events in Europe. Florida had been secured bit by bit from Spain and was finally delivered to the United States by a treaty in 1819. In the meantime the Holy Alliance which had been conceived by Alexander of Russia as a pious wish and joined by nearly all the European powers as a matter of form had narrowed down under the manipulation of Prince Metternich of Austria into a strong

reactionary body composed of Austria, Russia, and Prussia. Among its objects was "to put an end to the system of representative governments, in whatever country it may exist in Europe, and to prevent its being introduced in those countries where it is not yet known."

In the summer of 1823 the Holy Alliance restored Ferdinand to absolute power on the throne of Spain and he declared his intention of regaining the American colonies. It was believed that the members of the Holy Alliance would back this project in return for a share of the colonies and that France would join. Great Britain wanted to trade with those colonies—if she could not have them herself. President Monroe and most of our statesmen saw danger to the United States in any program of foreign intervention.

Russia had laid claim to Alaska by right of discovery and the Russian American Trading Company had established some trading posts but no actual settlements. In 1821 Tsar Alexander issued an ukase claiming the territory down to the fifty-first parallel and forbidding foreigners trading or fishing within a hundred miles of the coast. His claim was in conflict with the claims of both the United States and Great Britain and gave rise to diplomatic interchanges. On the part of the United States all these conversations had in mind the broader question of the encroachment of the Holy Alliance in Spanish America.

On December 2, 1823, President Monroe sent to Congress a message on the Russian situation and in it he took the opportunity to discuss the relations of Europe with the New World. What he then said has since become known as the Monroe Doctrine and has amounted to a charter for the

independence of the former Spanish colonies. The pertinent portions of that message are:

"It was stated at the commencement of the last session that a great effort was then making in Spain and Portugal to improve the condition of the people of those countries, and that it appeared to be conducted with extraordinary moderation. It need scarcely be remarked that the result has been, so far, very different from what was then anticipated. Of events in that quarter of the globe with which we have so much intercourse, and from which we derive our origin, we have always been anxious and interested spectators. The citizens of the United States cherish sentiments the most friendly in favour of the liberty and happiness of their fellow-men on that side of the Atlantic. In the wars of the European powers in matters relating to themselves we have never taken any part nor does it comport with our policy so to do. It is only when our rights are invaded or seriously menaced that we resent injuries or make preparation for our defence. With the movements in this hemisphere we are, of necessity, more immediately connected, and by causes which must be obvious to all enlightened and impartial observers. The political system of the allied powers is essentially different in this respect from that of America. This difference proceeds from that which exists in their respective Governments. And to the defence of our own, which has been achieved by the loss of so much blood and treasure, and matured by the wisdom of their most enlightened citizens, and under which we have enjoyed unexampled felicity, this whole nation is devoted. We owe it, therefore, to candour, and to the amicable relations existing between the United States and those powers,

The walls of Cartagena (above). An old part of the city of to-day.

The treasure trail. A bridge on the old Camino Real between Panama City and Puerto Bello (above). A swinging bridge made by the Talamanca Indians in Panama.

to declare that we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety. With the existing colonies or dependencies of any European power we have not interfered and shall not interfere. But with the governments who have declared their independence and maintained it, and whose independence we have, on great consideration and on just principles, acknowledged, we could not view any interposition for the purpose of oppressing them, or controlling in any other manner their destiny, by any European power, in any other light than as the manifestation of an unfriendly disposition toward the United States. In the war between these new governments and Spain we declared our neutrality at the time of their recognition, and to this we have adhered and shall continue to adhere, provided no change shall occur which, in the judgment of the competent authorities of this Government, shall make a corresponding change on the part of the United States indispensable to their security.

"The late events in Spain and Portugal show that Europe is still unsettled. Of this important fact no stronger proof can be adduced than that the allied powers should have thought it proper, on any principle satisfactory to themselves, to have interposed, by force in the internal concerns of Spain. To what extent such interposition may be carried, on the same principle, is a question in which all independent powers whose governments differ from theirs are interested, even those most remote, and surely none more so than the United States. Our policy in regard to Europe, which was adopted at an early stage of the wars which have so long

agitated that quarter of the globe, nevertheless remains the same, which is, not to interfere in the internal concerns of any of its powers; to consider the government *de facto* as the legitimate government for us; to cultivate friendly relations with it, and to preserve those relations by a frank, firm, and manly policy, meeting, in all instances, the just claims of every power, submitting to injuries from none. But in regard to these continents, circumstances are eminently and conspicuously different. It is impossible that the allied powers should extend their political system to any portion of either continent without endangering our peace and happiness; nor can anyone believe that our southern brethren, if left to themselves, would adopt it of their own accord. It is equally impossible, therefore, that we should behold such interposition, in any form, with indifference. If we look to the comparative strength and resources of Spain and those new governments, and their distance from each other, it must be obvious that she can never subdue them. It is still the true policy of the United States to leave the parties to themselves, in the hope that other powers will pursue the same course."

This doctrine might have been disputed in the beginning, for the United States was weak and the Holy Alliance was both strong and arrogant. But Great Britain gave informal assent of a character which made it evident that a war to break down the new republic might easily bring on another European war. The only large attempt to crush the doctrine came when we were engaged in our Civil War. Then Spain notified the United States that she intended to send an expedition into Mexico to collect debts. In this France to some

extent joined, for a Swiss banker had bought a fifteen million dollar issue of Mexican bonds for $750,000 and these had fallen into the hands of French citizens. In due course a French expedition captured Mexico City and Maximilian, a European prince, came out as Emperor to do away with all the nonsense of having upstart republics in the former Spanish possessions.

The leading powers of Europe at once recognized Maximilian but the United States did not. At the close of the Civil War when the United States had a large and seasoned army, Congress authorized the massing of troops on the Mexican border. Very shortly the French soldiers withdrew, the Maximilian government fell and the luckless prince went before a firing squad.

That is getting ahead of the story. The empire of Iturbide lasted only a few months. Its fall had several causes including some outside interference. General Filisola, his representative, was in Guatemala City having just come from subduing Salvador which had refused to join the empire. He called a congress made up of representatives from each of the five Central American divisions and to them turned over his rule. They formed the United States of Central America, adopted a constitution and through an executive committee exercised some power.

Each republic retained certain self-governing powers on much the lines of the United States Constitution but with considerable elaboration; each was to be governed by a Jefe de Estado and over all was to be a president elected by Congress. This first constitutional congress met in 1825 and two parties at once developed. The Liberal Party was made up

of the radical members who opposed the Catholic Church; the Conservative Party espoused the church and had in it the chief landowners and merchants. Their differences were violent in the extreme. Each was bent on rule or ruin. And thus at the beginning developed that party hatred which has brought revolution after revolution into these countries and subordinated every national consideration to party control.

This first assembly was controlled by the Liberals and they elected Manuel José Arcé as president. He soon quarrelled with his party, dissolved the congress and with the aid of the Conservatives set up a new government of his own. That deeply offended Salvador. They united with Honduras and the Liberals of Guatemala and under Francisco Morazán of Honduras, declared war. In two years they had defeated Arcé and Morazán became president. He spent a good part of his time fighting, for, although this union of states was founded on the exercise of the franchise, the vote from the beginning was a farce.

The people did not know the meaning of the ballot. If it were a question of having a certain number of votes counted, then those who controlled the election did the counting. Thus the federated republic got away to a bad start. It could scarcely have been otherwise. The revolution came from the top and it continued at the top, for the vast majority of the people neither knew nor cared what it was all about. Only a few could read or write. Even the higher classes had but little education. Having no tradition of self government or of accepting the will of the majority, ruling became a class privilege, and the desire to rule soon developed into

Age-old transport. The Indian carriers of Guatemala (above). The burro of Colombia.

Antigua, the seat of the former captaincy-general of Guatemala whence Spain ruled all Central America. Agua, the volcano that destroyed it.

a mania. The Liberals in the beginning did have some principles and they were diametrically opposite to those of the Conservatives—so absolutely contrary that the one could not live in the presence of the other. But soon the principles passed into the region of lip service and the one desire of each party was to have the government with all its perquisites.

Morazán moved his capital to San Salvador. That was the beginning of the end. Rafael Carrera, an Indian who had decided that he was a Conservative, rapidly rose to power and took the field against Morazán and soon became president of Guatemala. In 1838 the congress declared the states free to govern themselves as they chose and in the next year Morazán was exiled.

The states were not, however, free to govern themselves, for Carrera intervened to overthrow Liberal governments that were set up in Salvador, Honduras and Nicaragua. Only Costa Rica could do as she liked—and that only because of her situation on a high plateau far away from the political centres. Carrera became the unofficial dictator of a good part of Central America. And the country began to lose that civilization which Spain had brought.

During the years of Spanish rule these countries had been mysteries to the world—for the Spaniards did not welcome visitors. The United States had recognized the new republics in the pursuance of a principle but without knowing much of anything about them. The effort to gain reliable information led to the despatching of an agent from Washington to visit all the capitals. This agent wrote the only authentic report which we have of the state of their civilization at that time.

It is intensely interesting both as the account of a keen observer and as giving the opportunity to compare conditions to-day with the conditions after independence when everything was at loose ends. In this light the progress which has been achieved is remarkable.

CHAPTER V

TRAVELS OF AN AMERICAN AMBASSADOR

IN 1839 President Van Buren, desiring to learn the state of government in Central America and having no means of getting first-hand information, commissioned John L. Stephens to journey through those lands, to present his credentials to any governments he could find, and to report confidentially on conditions.

Stephens set out on a British brig which he fortunately found sailing for the Gulf of Honduras. There were at that time no regular services of any kind to Central America from New York or any other American port. In nineteen days he reached Belize and thereupon struck inland. By canoe and mule he travelled some three thousand miles, visiting every part of Central America. He found much to interest him in the ruins; he found much to interest him in the people; but he could nowhere find a government to which he could present credentials. He had to report that—twenty years after independence had been declared—no set of men had anywhere been strong enough to erect anything which might properly be called a stable and functioning government.

On his return he wrote a book which is now rather rare. It is by all odds the best account of the country ever written. Much of what he said still holds true for many parts of the land which have not yet come under American influence.

Nearly all of what he said held true in the main for at least a quarter of a century after it was written. He found hard going everywhere; the going is still hard if one leaves the beaten tracks.

But the great value of the account is by way of contrast. Compare what Stephens found with what to-day may be found. For these countries, as explained in the last chapter, instead of going forward with independence, went backward. For a time they lapsed into anarchy. They became poor beyond words; desperate poverty makes ruthless men. In the United States we have had much to learn but very little to unlearn. The people of the Central American states, on the contrary, had a great deal to unlearn before they could start to learn. And no understanding of the problem is possible without knowing something of the background. And no one has sketched in this background so well as Stephens.

From Belize Stephens took the ship for the Rio Dulce and through to Izabal on the lake of the same name—which was the way of entering Guatemala before Puerto Barrios was built.

"Three great parties at that time distracted Central America: that of Morazan, the former president of the Republic, in San Salvador, of Ferrera in Honduras, and of Carrera in Guatimala. Ferrara was a mulatto, and Carrera an Indian; and, though not fighting for any common purpose, they sympathized in opposition to Morazan. When Mr. Montgomery visited Guatimala, it was just thrown into a ferment by the rising of Carrera, who was then regarded as the head of a troop of banditti, a robber and assassin; his followers were called Cachurecos (meaning false coin), and Mr. Mont-

gomery told me that against him an official passport would be no protection whatever. Now he was the head of the party that ruled Guatimala. Señor Peñol gave us a melancholy picture of the state of the country. A battle had just been fought near San Salvador, between General Morazan and Ferrera, in which the former was wounded, but Ferrera was routed, and his troops were cut to pieces, and he feared Morazan was about to march upon Guatimala. He could only give us a passport to Guatimala, which he said would not be respected by General Morazan."

It was the rainy season but Stephens started toward Guatemala City over the mountain trail which was then the only highway to the interior.

"We were toiling on toward the top of the mountain, when, at a sudden turn, we met a solitary traveller. He was a tall, dark-complexioned man, with a broad-brimmed Panama hat, rolled up at the sides; a striped woollen Guatimala jacket, with fringe at the bottom; plaid pantaloons, leather spatterdashes, spurs, and sword; he was mounted on a noble mule with a high-peaked saddle, and the butts of a pair of horseman's pistols peeped out of the holsters. His face was covered with sweat and mud; his breast and legs were spattered, and his right side was a complete incrustation; altogether, his appearance was fearful. It seemed strange to meet any one on such a road; and, to our surprise, he accosted us in English. He had set out with muleteers and Indians, but had lost them in some of the windings of the woods, and was seeking his way alone. He had crossed the mountain twice before, but had never known it so bad; he had been thrown twice; once his mule rolled over him, and nearly crushed him; and now

she was so frightened that he could hardly urge her along. He dismounted, and the trembling beast and his own exhausted state confirmed all that he had said. He asked us for brandy, wine, or water, anything to revive him; but, unfortunately, our stores were ahead, and for him to go back one step was out of the question. Imagine our surprise, when, with his feet buried in the mud, he told us that he had been two years in Guatimala 'negotiating' for a bank charter. Fresh as I was from the land of banks, I almost thought he intended a fling at me; but he did not look like one in a humour for jesting; and, for the benefit of those who will regard it as an evidence of incipient improvement, I am able to state that he had the charter secured when he rolled over in the mud, and was then on his way to England to sell the stock. He told us, too, what seemed in better keeping with the scene, that Carrera had marched toward St. Salvador, and a battle was daily expected between him and Morazan. . . .

"Our road lay over a mountainous country, but generally clear of wood; and in about two hours we reached a collection of ranchos, called El Posos. One of our men rode up to a hut and dismounted, as if he were at home. . . . And here, in the beginning of our journey, we found a scarcity of provant greater than we had ever met with before in any inhabited country. The people lived exclusively upon tortillas—flat cakes made of crushed Indian corn, and baked on a clay griddle—and black beans. Augustin bought some of these last, but they required several hours' soaking before they could be eaten. At length he succeeded in buying a fowl, through which he ran a stick, and smoked it over a fire, with-

out dressing of any kind, and which, with tortillas, made a good meal for a penitentiary system of diet. . . .

"Our host was a don; and when we presented our letter he received us with great dignity in a single garment, loose, white, and very laconic, not quite reaching his knees. The dress of his wife was no less easy; somewhat in the style of the old-fashioned shortgown and petticoat, only the shortgown and whatever else is usually worn under it were wanting, and their place supplied by a string of beads, with a large cross at the end. A dozen men and half-grown boys, naked except the small covering formed by rolling the trousers up and down in the manner I have mentioned, were lounging about the house; and women and girls in such extremes of undress, that a string of beads seemed quite a covering for modesty.

"Mr. C. and I were in a rather awkward predicament for the night. The general reception-room contained three beds, made of strips of cowhide interlaced. The don occupied one; he had not much undressing to do, but what little he had, he did by pulling off his shirt. Another bed was at the foot of my hammock. . . .

"As guests, it was pleasant to feel that the family made no strangers of us. The wife of the don retired with the same ceremonies. Several times during the night we were waked by the clicking of flint and steel, and saw one of our neighbours lighting a cigar. At daylight the wife of the don was enjoying her morning slumber. While I was dressing she bade me good-morning, removed the cotton covering from her shoulders, and arose dressed for the day."

He made his way up the valley of the Motagua River and, following the route of the present railroad, reached Zacapa.

"The streets were regular, and the houses plastered and whitewashed, with large balconied windows and piazzas. The church was two hundred and fifty feet long, with walls ten feet thick, and a façade rich with Moorish devices. It was built in the form of a latin cross. In one end of the cross was a tailor's shop, and the other was roofless. At one corner was a belfry, consisting of four rough trunks of trees supporting a peaked roof covered with tiles. Two bells were suspended from a rude beam; and, as we passed, a half-naked Indian was standing on a platform underneath, ringing for vespers."

Journeying forward, they put up in a deserted *cabildo:*

"Mr. C. was in his hammock, and I was half undressed, when the door was suddenly burst open, and twenty-five or thirty men rushed in, the alcalde, alguazils, soldiers, Indians, and Mestitzoes, ragged and ferocious-looking fellows, and armed with staves of office, swords, clubs, muskets, and machetes, and carrying blazing pine sticks. At the head of them was a young officer of about twenty-eight or thirty, with a glazed hat and sword, and a knowing and wicked expression, whom we afterward understood to be a captain of one of Carrera's companies. The alcalde was evidently intoxicated, and said that he wished to see my passport again. I delivered it to him, and he handed it over to the young officer, who examined it, and said that it was not valid. . . . Finding arguments and remonstrances of no use, I placed the paper inside my vest, buttoned my coat tight across my breast, and told him he must get it by force; and the officer, with a gleam of satisfaction crossing his villanous face, responded that he

The ruins of the palace in Antigua, the most pretentious building of the Spanish occupation.

The unchanging Indian women of the highlands of Guatemala and their characteristic weaves.

would. I added that, whatever might be the immediate result, it would ultimately be fatal to them; to which he answered, with a sneer, that they would run the risk. During the whole time, the band of cowardly ruffians stood with their hands on their swords and machetes, and two assassin-looking scoundrels sat on a bench with muskets against their shoulders, and the muzzles pointed within three feet of my breast. If we had been longer in the country we should have been more alarmed; but as yet we did not know the sanguinary character of the people, and the whole proceeding was so outrageous and insulting that it roused our indignation more than our fears. Augustin, who, from having had a cut across the head with a machete, which did not kill him, was always bellicose, begged me in French to give the order to fire, and said that one round would scatter them all. We had eleven charges, all sure; we were excited, and, if the young man himself had laid his hands upon me, I think I should have knocked him down at least; but, most fortunately, before he had time to give his order to fall upon us, a man, who entered after the rest, of a better class, wearing a glazed-hat and round-about jacket, stepped forward and asked to see the passport. . . . I demanded a courier, to carry a letter immediately to General Cascara, which they refused; but, on my offering to pay the expense of the courier, the alcalde promised to send it . . . and, having no official seal with me, we sealed it, unobserved by anybody, with a new American half dollar, and gave it to the alcalde. The eagle spread his wings, and the stars glittered in the torchlight. All gathered round to examine it, and retired, locking us up in the cabildo, stationing twelve men at the door with swords, muskets, and

machetes; and, at parting, the officer told the alcalde that, if we escaped during the night, his head should answer for it. . . .

"During the night the door was again burst open, and the whole ruffianly band entered, as before, with swords, muskets, machetes, and blazing pine sticks. In an instant we were on our feet, and my hurried impression was, that they had come to take the passport; but, to our surprise, the alcalde handed me back the letter with the big seal, said there was no use in sending it, and that we were at liberty to proceed on our journey when we chose."

They went on to the ruins of Copán in Honduras of which Stephens gives a detailed description. Then he turned back through the mountains and eventually reached Guatemala City.

"When we were yet two leagues from the city Augustin's horse gave out. I was anxious to have a view of the city before dark, and rode on. Late in the afternoon, as I was ascending a small eminence, two immense volcanoes stood up before me, seeming to scorn the earth, and towering to the heavens. They were the great volcanoes of Agua and Fuego, forty miles distant, and nearly fifteen thousand feet high, wonderfully grand and beautiful. In a few moments the great plain of Guatimala appeared in view, surrounded by mountains, and in the centre of it the city, a mere speck on the vast expanse, with churches, and convents, and numerous turrets, cupolas, and steeples, and still as if the spirit of peace rested upon it; with no storied associations, but by its own beauty creating an impression on the mind of a traveller

which can never be effaced. I dismounted and tied my mule. As yet the sun lighted up the roofs and domes of the city, giving a reflection so dazzling that I could only look at them by stealth. By degrees, its disk touched the top of the Volcano del Agua; slowly the whole orb sank behind it, illuminating the background with an atmosphere fiery red. A rich golden cloud rolled up its side and rested on the top, and while I gazed the golden hues disappeared, and the glory of the scene was gone. . . . As yet I did not know where to stop; there was no hotel in Guatimala. What's the use of a hotel in Guatimala? Who ever goes to Guatimala? was the answer of a gentleman of that place to my inquiries on this subject. I had several letters of introduction, and one was to Mr. Hall, the English vice-consul; and, fortunately, resolved to throw myself upon his hospitality. . . . I gave my name, and he retired; and in a few minutes the large door was unlocked, and Mr. Hall himself received me. He gave me as a reason for not opening sooner, that the soldiers had mutinied that day for want of pay, and threatened to sack the city. Carrera had exerted himself in trying to pacify them, and had borrowed fifty dollars from his (Mr. Hall's) neighbour, a French merchant; but the inhabitants were greatly alarmed; and when I knocked at his door he was afraid that the soldiers were beginning to put their threat in execution. Mr. H. had taken down his staff, because on their last entry, when he had his flag flying, the soldiers had fired upon it, calling it a bandera de guerra. They were mostly Indians from the villages, ignorant and insolent, and a few days before he had his hat knocked off by a sentinel because he did not raise it in

passing, for which his complaint was then before the government. (It is due to Carrera to say, that by his orders the soldier received two hundred lashes.). . . .

"There was but one side to politics in Guatimala. Both parties have a beautiful way of producing unanimity of opinion, by driving out of the country all who do not agree with them. If there were any Liberals, I did not meet them, or they did not dare to open their lips. The Central party, only six months in power, and still surprised at being there, was fluttering between arrogance and fear. The old families, whose principal members had been banished or politically ostracized, and the clergy, were elated at the expulsion of the Liberal party, and their return to what they considered their natural right to rule the state; they talked of recalling the banished archbishop and friars, restoring the privileges of the Church, repairing the convents, reviving monastic institutions, and making Guatimala what it had once been, the jewel of Spanish America. . . .

"Carrera was living in a small house in a retired street. Sentinels were at the door, and eight or ten soldiers basking in the sun outside, part of a body-guard, who had been fitted out with red bombazet jackets and tartan plaid caps, and made a much better appearance than any of the soldiers I had before seen. Along the corridor was a row of muskets, bright and in good order. We entered a small room adjoining the sala, and saw Carrera sitting at a table counting money. . . . He was about five feet six inches in height, with straight black hair, an Indian complexion and expression, without beard, and did not seem to be more than twenty-one years old. He wore a black bombazet roundabout jacket and

Spain built hundreds of great churches. The cathedral at Comayagua, the ancient capital of Honduras, as it looks to-day.

Bolívar, the Liberator; and San Pedro Alejandrino near Santa Marta, Colombia, where he died.

pantaloons. He rose as we entered, pushed the money on one side of the table, and, probably out of respect to my coat, received me with courtesy, and gave me a chair at his side. My first remark was an expression of surprise at his extreme youth; he answered that he was but twenty-three years old; certainly he was not more than twenty-five; and then, as a man conscious that he was something extraordinary, and that I knew it, without waiting for any leading questions, he continued, that he had begun (he did not say what) with thirteen men armed with old muskets, which they were obliged to fire with cigars; pointed to eight places in which he had been wounded, and said that he had three balls then in his body. At this time he could hardly be recognized as the same man who, less than two years before, had entered Guatimala with a horde of wild Indians, proclaiming death to strangers. Indeed, in no particular had he changed more than in his opinion of foreigners, a happy illustration of the effect of personal intercourse in breaking down prejudices against individuals or classes. He had become personally acquainted with several, one of whom, an English doctor, had extracted a ball from his side; and his intercourse with all had been so satisfactory, that his feelings had undergone an entire revulsion; and he said that they were the only people who never deceived him. He had done, too, what I consider extraordinary; in the intervals of his hurried life he had learned to write his name, and had thrown aside his stamp. . . . He seemed intelligent and capable of improvement, and I told him that he ought to travel into other countries, and particularly, from its contiguity, into mine. He had a very indefinite notion as to where my country was; he knew it only

as El Norte, or the North; inquired about the distance and facility for getting there, and said that, when the wars were over, he would endeavour to make El Norte a visit. But he could not fix his thoughts upon anything except the wars and Morazan; in fact, he knew of nothing else. He was boyish in his manners and manner of speaking, but very grave; he never smiled, and, conscious of power, was unostentatious in the exhibition of it, though he always spoke in the first person of what he had done and what he intended to do. One of the hangers-on, evidently to pay court to him, looked for a paper bearing his signature to show me as a specimen of his handwriting, but did not find one. My interview with him was much more interesting than I had expected; so young, so humble in his origin, so destitute of early advantages, with honest impulses, perhaps, but ignorant, fanatic, sanguinary, and the slave of violent passions, wielding absolutely the physical force of the country, and that force entertaining a natural hatred to the whites. At parting he accompanied me to the door, and in the presence of his villanous soldiers made me a free offer of his services. I understood that I had the good fortune to make a favourable impression; and afterward, but, unluckily, during my absence, he called upon me in full dress and in state, which for him was an unusual thing."

Leaving Guatemala, Stephens resumed his search for a government—having great trouble, however, in obtaining a passport which recognized his official status. He travelled to the Pacific and took a French trading ship for Salvador landing at Acajutla.

"I was unable to undertake any journey by land, and feeling the enervating effect of the climate, swung all day in a hammock. Fortunately, the proprietors of the brig which I had seen at Acajutla, bound for Peru, changed her destination, and determined to send her to Costa Rica, the southernmost state of the Confederacy. At the same time, a man offered as a servant, very high recommended, and whose appearance I liked; and I resolved to have the benefit of the sea voyage, and, in returning by land, explore the canal route between the Atlantic and Pacific by the Lake of Nicaragua, a thing which I had desired much, but despaired of being able to accomplish. . . .

"My first night on board was not particularly agreeable. I was the only cabin passenger; but, besides the bugs that always infest an old vessel, I had in my berth moschetoes, spiders, ants, and cockroaches. . . .

"We passed in regular succession the volcanoes of San Salvador, San Vicente, San Miguel, Telega, Momotombo, Managua, Nindiri, Masaya, and Nicaragua, each one a noble spectacle, and all together forming a chain with which no other in the world can be compared; indeed, this coast has well been described as 'bristling with volcanic cones.' . . .

"Early in the morning we had the tide in our favour, and very soon leaving the main body of the gulf, turned off to the right, and entered a beautiful little cove, forming the harbour of Caldera. In front was the range of mountains of Aguacata, on the left the old port of Pont Arenas, and on the right the Volcano of San Pablo. On the shore was a long low house set upon piles, with a tile roof, and near it were three

or four thatched huts and two canoes. We anchored in front of the houses, and apparently without exciting the attention of a soul on shore.

"All the ports of Central America on the Pacific are unhealthy, but this was considered deadly. I had entered with apprehension cities where the plague was raging, but here, as I looked ashore, there was a death-like stillness that was startling. . . .

"In the afternoon the captain took me ashore. At the first house we saw two candles lighted to burn at the body of a dead man. All whom we saw were ill, and all complained that the place was fatal to human life. In fact, it was almost deserted; and, notwithstanding its advantages as a port, government, a few days afterward, issued an order for breaking it up, and removing back to the old port of Pont Arenas. The captain was still suffering from fever and ague, and would not on any account remain after dark. I was so rejoiced to find myself on shore, that if I had met a death's head at every step it would hardly have turned me back."

Stephens made his way up to San José.

"San José is, I believe, the only city that has grown up or even improved since the independence of Central America. Under the Spanish dominion Cartago was the royal capital; but, on the breaking out of the revolution, the fervour of patriotism was so hot, that it was resolved to abolish this memorial of colonial servitude, and establish the capital at San José. Their local advantages are perhaps equal. Cartago is nearer the Atlantic, and San José the Pacific; but they are only six leagues apart. The buildings in San José are all republican; there is not one of any grandeur or architectural

beauty; and the churches are inferior to many erected by the Spaniards in the smallest villages. Nevertheless, it exhibited a development of resources and an appearance of business unusual in this lethargic country; and there was one house in the plaza which showed that the owner had been abroad, and had returned with his mind so liberalized as to adopt the improvements of other countries, and build differently from the custom of his fathers and the taste of his neighbours.

"The State of Costa Rica enjoyed at that time a degree of prosperity unequalled by any of the disjointed confederacy. At a safe distance, without wealth enough to excite cupidity, and with a large tract of wilderness to protect it against the march of an invading army, it had escaped the tumults and wars which desolated and devastated the other states. And yet, but two years before, it had had its own revolution: a tumultuous soldiery entered the plaza, and shouting A bas De Aguila, Viva Carillo, my friend Don Manuel was driven out by bayonets and banished from the state, and Carillo installed in his place. . . .

"In fact, usurper and despot as he is, Carillo works hard for the good of the state, and for twelve hundred dollars a year, with perquisites, and leave to be his own paymaster. In the mean time, all who do not interfere with him are protected. A few who cannot submit to despotism talk of leaving the country; but the great mass are contented, and the state prospers. As for myself, I admire him. In that country the alternative is a strong government or none at all. Throughout his state I felt a sense of personal security, which I did not enjoy in any other. For the benefit of the travellers, may he live a thousand years! . . .

"On the thirteenth day of February I mounted for my journey to Guatimala. My equipage was reduced to articles of the last necessity: a hammock of striped cotton cloth laid over my pellon, a pair of alforgas, and a poncha strapped on behind. . . .

"At seven o'clock we started, and in half an hour reached Esparza. From this place to Nicaragua, a distance of three hundred miles, the road lay through a wilderness; except the frontier town of Costa Rica, there were only a few straggling haciendas, twenty, thirty, and forty miles apart. I replenished my stock of provisions, and my last purchase was a yard and a half of American cotton from a Massachusetts factory, called by the imposing name of Manta del Norte. . . .

"I rose about an hour before daylight, and was in my saddle by break of day. We watered our mules at the River Flores, the boundary-line of the states of Costa Rica and Nicaragua. In an hour we reached Skamaika, the name given to a single hut occupied by a negro, sick and alone. He was lying on a bedstead made of sticks, the very picture of wretchedness and desolation, worn to a skeleton by fever and ague. Soon after we came to another hut, where two women were sick with fever. Nothing could be more wretched than these huts along the Pacific. They asked me for remedios, and I gave them some quinine, but with little hope of their ever benefiting by it. Probably both the negro and they are now in their graves.

"At twelve o'clock we reached the River St. John, the mouth of which was the terminating point of the great canal. The road to Nicaragua crossed the stream, and ours followed it to the sea, the port being situated at its mouth.

Our whole road had been desolate enough, but this far surpassed anything I had seen; and as I looked at the little path that led to Nicaragua, I felt as if were were leaving a great highway. The valley of the river is about a hundred yards broad, and in the season of rain the whole is covered with water; but at this time the stream was small, and a great part of its bed dry. The stones were bleached by the sun, and there was no track or impression which gave the slightest indication of a path. Very soon this stony bed became contracted and lost; the stream ran through a different soil, and high grass, shrubs, and bushes grew luxuriantly up to its bank. We searched for the track on both sides of the river, and it was evident that since the last wet season no person had passed. Leaving the river, the bushes were higher than our heads, and so thick that at every two or three paces I became entangled and held fast; at length I dismounted, and my guide cleared a way for me on foot with his machete. Soon we reached the stream again, crossed it, and entered the same dense mass on the opposite side. In this way we continued nearly two hours, with the river for our line. We crossed it more than twenty times, and when it was shallow rode in its bed. . . .

"The whole of this region along the coast of the Pacific is called the Tierra Caliente. At half past two, after a desperately hot and dusty ride, without any water, we reached a hacienda, the name of which I have lost. It was built of poles and plastered with mud. The major-domo was a white man, in bad health, but very obliging, who lived by selling occasionally a fowl or a few eggs to a traveller, and corn and water for mules. There were no more of those beautiful

streams which had given such a charm to my journey in Costa Rica. The earth was parched; water was a luxury sold for money. There was a well on the hacienda, and I paid two cents apiece for our mules to drink. There was a bedstead in the hut; at four o'clock I lay down for a few moments' rest, and did not wake till five the next morning. On a line with the head of my bed was a long log, squared and hollowed out, with a broad lid on the top, and secured by a lock and key, containing the corn and household valuables, and on top of it were sleeping a woman, rather yellow, and a little girl. I took chocolate, and in a few minutes was in the saddle. Very soon we came in sight of the highlands of Buombacho, a high, dark range of mountains, behind which stood Grenada, which in half an hour we entered. Built by those hardy adventurers who conquered America, even yet it is a monument worthy of their fame. The houses are of stone, large and spacious, with balconies to the windows of turned wood, and projecting roofs, with pendent ornaments of wood curiously carved.

"My appearance at Grenada created surprise, and I was congratulated upon my liberation or escape from prison. News had reached there that I had been arrested (I do not know for what), and was in prison in San Salvador; and as all news had a party bias, it was told as another of the outrages of General Morazan. I could have remained there a month; but, unfortunately, I heard news which did not allow me much time for rest. The black clouds which hung over the political horizon had burst, and civil war had broken out anew. The troops of Nicaragua, fourteen hundred strong, had marched into Honduras, and uniting with those

of the latter state, had routed, with great slaughter, the troops of Morazan stationed at Taguzegalpa. The latter consisted of but four hundred and fifty men, under the command of General Cabañes, and the records of civil wars among Christian people nowhere present a bloodier page. No quarter was given or asked. After the battle, fourteen officers were shot in cold blood, and not a single prisoner lived as a monument of mercy. . . .

"In about three hours, after a desperately hot ride, we reached Managua, beautifully situated on the banks of the lake. Entering through a collection of thatched huts, we passed a large aristocratic house, with a courtyard occupying a whole square, the mansion of an expatriated family, decaying and going to ruin.

"Late in the afternoon I walked down to the lake. It was not so grand as the Lake of Nicaragua, but it was a noble sheet of water, and in full sight was the Volcano of Momontanbo. The shore presented the same animated spectacle of women filling their water-jars, men bathing, horses and mules drinking, and one place was a range of fishermen's huts; on the edge of the water stakes were set up in a triangular form, and women with small hand-nets were catching fish, which they threw into hollow places dug, or rather scraped, in the sand. The fish were called sardinitos, and at the doors of the huts the men were building fires to cook them. . . .

"For two hours after daylight we had shade, when we came upon an open plain, bounded on the Pacific side by a low ridge, and on the right by a high range of mountains, forming part of the great chain of Cordilleras. Before us, at

a great distance, rising above the level of the plain, we saw the spires of the Cathedral of Leon. This magnificent plain, in richness of soil not surpassed by any land in the world, lay as desolate as when the Spaniards first traversed it. The dry season was near its close; for four months there had been no rain, and the dust hung around us in thick clouds, hot and fine as the sands of Egypt. At nine o'clock we reached Leon. The suburbs were more miserable than anything I had yet seen. Passing up a long street, across which a sentinel was patrolling, I saw in front of the quartel a group of vagabond soldiers, a match for Carrera's, who cried out insolently, 'Quittez el sombrero,' 'Take off your hat.' I had to traverse the whole extent of the city before I reached the house to which I had been recommended. I dismounted, and entered it with confidence of a warm reception; but the lady, with considerable expedition, told me that her husband was not at home. I gave her a note with which I had been furnished, addressed to herself; but she said she could not read English, and handed it back. I translated it word for word, being a request that she would give me lodgings. Her brow actually knit with vexation; and she said she had but one spare room, and that was reserved for the English vice-consul from Realejo. I answered that the vice-consul did not intend leaving Realejo for the present. She asked me how long I intended to stay; and when I replied only that night, she said that if such was the case I might remain. . . .

"This over, I walked out to take a view of the town. It had an appearance of old and aristocratic respectability, which no other city in Central America possessed. The houses were large, and many of the fronts were full of stucco orna-

ments; the plaza was spacious, and the squares of the churches and the churches themselves magnificent. It was the seat of a bishopric, and distinguished for the costliness of its churches and convents, its seats of learning, and its men of science, down to the time of its revolution against Spain; but in walking through its streets I saw palaces in which nobles had lived dismantled and roofless, and occupied by half-starved wretches, pictures of misery and want; and on one side an immense field of ruins, covering half the city.

"Almost immediately on the establishment of independence, and the drawing of the great party-lines between the Centralists and Federalists, the State of Nicaragua became the theatre of a furious struggle. In an unfortunate hour the people elected a Central governor and Liberal vice-governor. A divided administration led to drawing of blood and the most sanguinary conflict known in civil wars. Inch by inch the ground was disputed, till the whole physical force was deadly animosity of the state concentrated in the capital. The contending parties fought up to the very heart of the city; the streets were barricaded, and for three months not a person could pass the line without being shot at. Scenes of horror surpassing human belief are fresh in the memory of the inhabitants. The Liberals prevailed; the Central chief was killed, his forces massacred, and in the phrensy of the moment, the part of the city occupied by the Centralists was burned and razed to the ground; besides the blood of murdered citizens, the tears and curses of widows and orphans, the victors had the rich enjoyment of a desolated country and a ruined capital. The same ruthless spirit still characterized the inhabitants of Leon. The heroes of Taguzegalpa, without

a single prisoner as a monument of mercy, had been received with ringing of bells and firing of cannon, and other demonstrations of joy, and they were still in the city, flushed with their brutal victory, and anxious to be led on to more such triumphs.

"I must confess that I felt a degree of uneasiness in walking the streets of Leon that I never felt in any city in the East. My change of dress did not make my presence more acceptable, and the eagle on my hat attracted particular attention. At every corner was a group of scoundrels, who stared at me as if disposed to pick a quarrel. With some my official character made me an object of suspicion; for in their disgraceful fights they thought that the eyes of the whole world were upon them, and that England, France, and the United States were secretly contending for the possession of their interesting country. I intended to pay a visit to the chief of the state; but, afraid of being insulted or getting into some difficulty that might detain me, I returned to the house. . . .

"My muleteer did not return till daylight the next morning. Fortunately for us he had learned that the troops were destined on another, but even a more inglorious expedition. Expenses had been incurred in sending troops into Honduras, of which Grenada refused to pay its portion, on the ground that, by the constitution, it was not liable except for expenses incurred in defending the borders of its own state. This was admitted; but the expense had been incurred; Leon had fought the battle, and had the same materials with which she gained it to enforce the contribution. In order that Grenada might be taken unawares, it was given out that the troops were destined for San Salvador, and they were actually

marched out on the San Salvador road; but at midnight made a circuit, and took the route for Grenada. War between different states was bad enough, but here the flame which had before laid the capital in ruins was lighted again within its own borders. What the result of this expedition was I never heard; but probably, taken unawares and without arms, Grenada was compelled by bayonets to pay what, by the constitution, she was not bound to pay."

Taking ship again on the Pacific, Stephens journeyed alone to La Union on the Gulf of Fonseca and thence by mule to San Salvador, the capital.

"The next day at one o'clock we reached San Salvador. Entering by a fine gate, and through suburbs teeming with fruit and flower trees, the meanness of the houses was hardly noticed. Advancing, we saw heaps of rubbish, and large houses with their fronts cracked and falling, marks of the earthquakes which had broken it up as the seat of government, and almost depopulated the city. This series of earthquakes commenced on the third of the preceding October (the same day on which I sailed for that country), and for twenty days the earth was tremulous, sometimes suffering fifteen or twenty shocks in twenty-four hours, and one so severe that, as Mr. Chatfield told me, a bottle standing in his sleeping-room was thrown down. Most of the inhabitants abandoned the city, and those who remained slept under matting in the courtyards of their houses. Every house was more or less injured; some were rendered untenantable, and many were thrown down. Two days before, the vice-president and officers of the Federal and State Governments, impelled by the crisis of the times, had returned to their shattered

capital. It was about one o'clock, intensely hot, and there was no shade; the streets were solitary, the doors and windows of the houses closed, the shops around the plaza shut, the little matted tents of the market-women deserted, and the inhabitants, forgetting earthquakes, and that a hostile army was marching upon them, were taking their noonday siesta. In a corner of the plaza was a barricado, constructed with trunks of trees, rude as an Indian fortress, and fortified with cannon, intended as the scene of the last effort for the preservation of the city. A few soldiers were asleep under the corridor of the quartel, and a sentinel was pacing before the door. Inquiring our way of him, we turned the corner of the plaza, and stopped at the house of Don Pedro Negrete, at that time acting as vice-consul both of England and France, and the only representative at the capital of any foreign power.

"It was one of the features of this unhappy revolution, that the Liberal party, before the friends and supporters of foreigners, manifested a violent feeling against them, particularly the English, ostensibly on account of their occupation of the miserable little Island of Roatan, in the Bay of Honduras. The press, i. e., a little weekly published at San Salvador, teemed with inflammatory articles against los Ingleses, their usurpation and ambition, and their unjust design of adding to their extended dominions the republic of Central America. It was a desperate effort to sustain a party menaced with destruction by rousing the national prejudice against strangers. . . .

"In the evening I called upon the vice-president. Great changes had taken place since I saw him at Zonzonate. The troops of the Federal Government had been routed in Hon-

duras; Carrera had conquered Quezaltenago, garrisoned it with his own soldiers, destroyed its existence as a separate state, and annexed it to Guatimala. San Salvador stood alone in support of the Federal Government. But Señor Vigil had risen with the emergency. The chief of the state, a bold-looking mulatto, and other officers of the government, were with him. They knew that the Honduras troops were marching upon the city, had reason to fear they would be joined by those of Nicaragua, but they were not dismayed; on the contrary, all showed a resolution and energy I had not seen before. General Morazan, they said, was on his march against Guatimala. Tired as they were of war, the people of San Salvador, Señor Vigil said, had risen with new enthusiasm. Volunteers were flocking in from all quarters; and with a determination that was imposing, though called out by civil war, he added that they were resolved to sustain the Federation, or die under the ruins of San Salvador. It was the first time my feelings had been at all roused. In all the convulsions of the time I had seen no flash of heroism, no high love of country. Self-preservation and self-aggrandizement were the ruling passions. It was a bloody scramble for power and place; and sometimes, as I rode through the beautiful country, and saw what Providence had done for them, and how unthankful they were, I thought it would be a good riddance if they would play out the game of the Kilkenny cats."

From San Salvador, with the troops of Honduras, marching to attack the city, Stephens started overland to Guatemala.

"Toward evening I heard once more the deep rumbling noise of the Volcano of Izalco, sounding like distant thunder.

We passed along its base, and stopped at the same house at which I had put up on my visit to the volcano. The place was in a state of perfect anarchy and misrule. Since my departure, Rascon, rendered more daring by the abject policy of the government, had entered Zonzonate, robbed the custom-house again, laid contributions upon some of the citizens, thence marched to Izalco, and quartered his whole band upon the town. Unexpectedly, he was surprised at night by a party of Morazan's soldiers; he himself escaped in his shirt, but nineteen of his men were killed and his band broken up. Lately the soldiers were called off to join Morazan's expedition, and the dispersed band emerged from their hiding-places. Some were then living publicly in the town, perfectly lawless; had threatened to kill the alcalde if he attempted to disturb them, and kept the town in a state of terror. Among those who reappeared I was told there was a young American del Norte, whom I recognized, from the description, as Jemmy, whom I had put on board his ship at Acajutla. He and the other American had deserted, and attempted to cross over to the Atlantic on foot. On the way they fell in with Rascon's band and joined them. The other man was killed at the time of the rout, but Jemmy escaped. I was happy to hear that Jemmy, by his manners and good conduct, had made a favourable impression upon the ladies of Izalco. He remained only three days, and whither he had gone no one knew."

He got into the midst of the fighting. In the town of Aguachapa he had to welcome the forces of Carrera in the morning and those of Morazán in the evening.

"Our house was well known; many of the officers inquired

A toy kingdom that blocked a canal. A village of the Mosquito Kingdom (above). A view on the San Juan River—which would be part of the Nicaraguan Canal route and was a link in Vanderbilt's Transit line.

Early engineering—the railroad across the Isthmus of Panama and the terminus in Panama City—1856 (above). Running the lines through the jungle—1850. (From old prints).

for the family, and an aiddecamp gave notice to the servant-woman that Morazan himself intended stopping there. The soldiers marched into the plaza, stacked their arms, and shouted 'Viva Morazan.' In the morning the shout was 'Viva Carrera!' None cried 'Viva la Patria!'

"There was no end to our troubles. In the morning we surrendered to one party, and in the evening were captured out of their hands by another; probably before daylight Carrera would be upon us. There was only one comfort; the fellows who had broken our rest the night before, and scared the inhabitants from their homes, were now looking for lodgings in the mountains themselves. I felt sorry for Figoroa and his aid, and, on abstract principles, for the killed. As for the rest, I cared but little what became of them.

"In a few moments a party of officers came down to our house. For six days they had been in constant flight through the enemy's country, changing their direction to avoid pursuit, and only stopping to rest their horses. Entering under the excitement of a successful skirmish, they struck me as the finest set of men I had seen in the country. Figoroa had come upon them so suddenly, that General Morazan, who rode at the head of his men, had two bullets pass by his head before he could draw his pistol, and he had a narrower escape than in the whole of his bloody battle in Guatimala. Colonel Cabanes, a small, quiet, gentlemanly man, the commander of the troops massacred in Honduras, struck the first blow, broke his sword over a lancer, and, wresting the lance out of its owner's hands, ran it through his body, but was wounded himself in the hand. A tall, gay, rattling young man, who was wiping warm blood from off his sword, and drying

it on his pocket-handkerchief, mourned that he had failed in cutting off their retreat; and a quiet middle-aged man, wiping his forehead, drawled out, that if their horses had not been so tired they would have killed every man. Even they talked only of killing; taking prisoners was never thought of. The verb matar, to kill, with its inflexions, was so continually ringing in my ears that it made me nervous. In a few minutes the widow Padilla, who, I am inclined to believe, was secreted somewhere in the neighbourhood, knowing of General Morazan's approach, rushed in, crying wildly for her sons. All answered that the eldest was with them; all knew her, and one after another put his right arm respectfully over her shoulder and embraced her; but the young man who was wiping his sword drove it into its scabbard, and, catching her up in his arms, lifted her off the floor and whirled her about the room. The poor old lady, half laughing and half crying, told him he was as bad as ever, and continued asking for her sons. At this moment a man about forty, whom I had noticed before as the only one without arms, with a long beard, pale and haggard, entered from the courtyard. The old lady screamed, rushed toward him, and fell on his neck, and for some moments rested her head upon his shoulder. This was the one who had been imprisoned by Carrera. General Morazan had forced his way into the plaza, broken open the prisons, and liberated the inmates; and when he was driven out this son made his escape. . . .

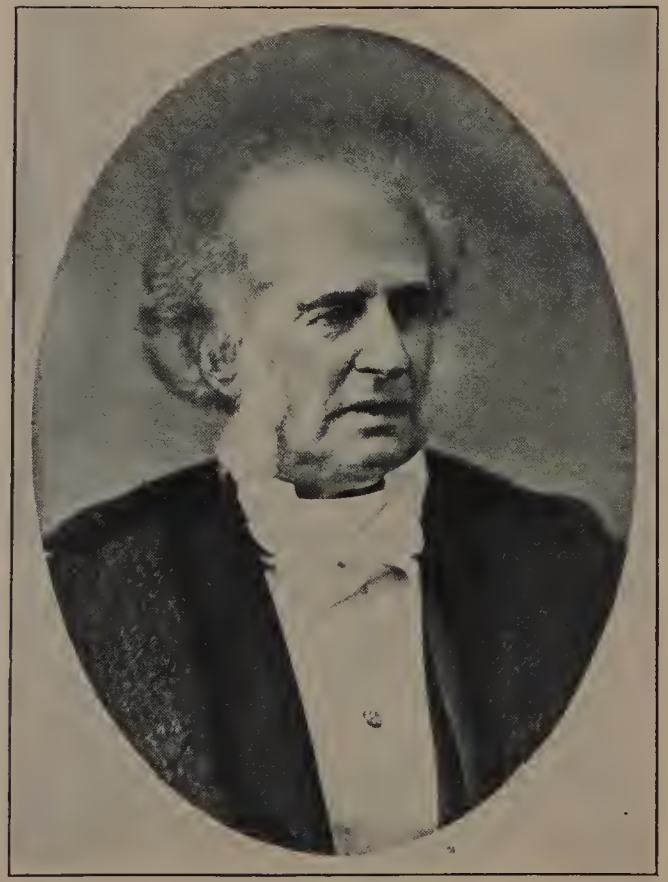
"In the mean time, General Morazan, apprehensive of a surprise from Carrera during the night, sent word that he should sleep in the plaza; and escorted by Colonel Zerabia, I went to pay my respects to him. From the time of his entry

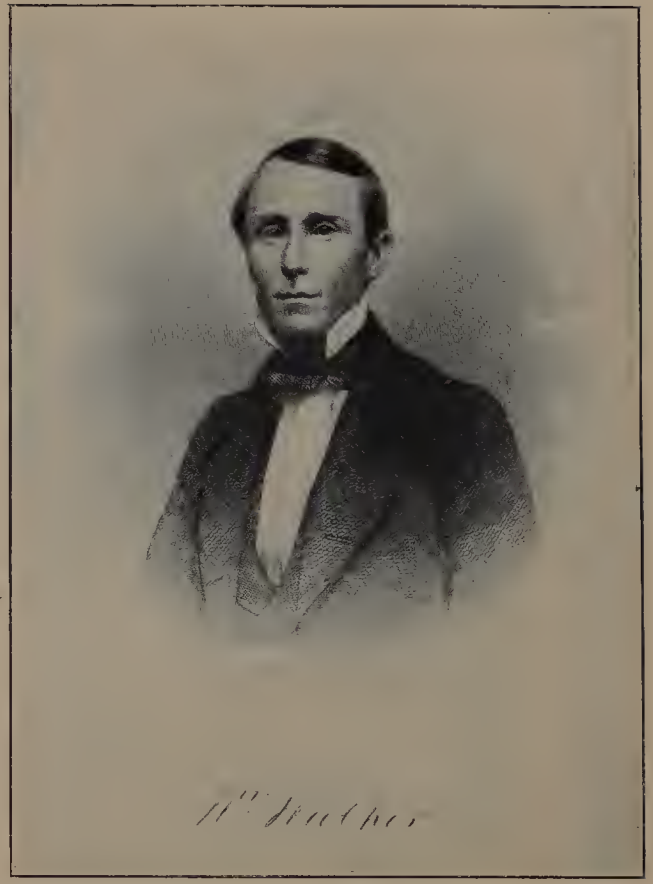
I felt perfectly secure, and never had a moment of apprehension from unruly soldiers. For the first time I saw something like discipline. A sentinel was pacing the street leading from the plaza, to prevent the soldiers straggling into the town; but the poor fellows seemed to have no disposition for straggling. The town was stripped of everything; even the poor horses had no food. Some were gathered at the window of the cabildo, each in his turn holding up his hat for a portion of hard corn bread; some were sitting around fires eating this miserable fare; but most were stretched on the ground, already asleep. It was the first night they had lain down except in an enemy's country.

"General Morazan, with several officers, was standing in the corridor of the cabildo; a large fire was burning before the door, and a table stood against the wall, with a candle and chocolate-cups upon it. He was about forty-five years old, five feet ten inches high, thin, with a black moustache and week's beard, and wore a military frock-coat, buttoned up to the throat, and sword. His hat was off, and the expression of his face mild and intelligent. Though still young, for ten years he had been the first man in the country. He had risen and had sustained himself by military skill and personal bravery; always led his forces himself; had been in innumerable battles, and often wounded, but never beaten. A year before, the people of Guatimala, of both parties, had implored him to come to their relief, as the only man who could save them from Carrera and destruction. At that moment he added another to the countless instances of the fickleness of popular favour. After the expiration of his term he had been elected chief of the State of San Salvador, which office he had re-

signed, and then acted as commander-in-chief under the Federal Government. Denounced personally, and the Federation under which he served disavowed, he had marched against Guatimala with fourteen hundred men, and forced his way into the plaza; forty of his oldest officers and his eldest son were shot down by his side; and cutting his way through masses of human flesh, with about four hundred and fifty men then in the plaza, made his escape. I was presented to him by Colonel Zerabia. From the best information I could acquire, and from the enthusiasm with which I had heard him spoken of by his officers, and, in fact, by everyone else in his own state, I had conceived almost a feeling of admiration for General Morazan, and my interest in him was increased by his misfortunes. I was really at a loss how to address him; and while my mind was full of his ill-fated expedition, his first question was if his family had arrived in Costa Rica, or if I had heard anything of them. I did not tell him, what I then thought, that his calamities would follow all who were connected with him, and probably that his wife and daughters would not be permitted an asylum in that state; but it spoke volumes that, at such a moment, with the wreck of his followers before him, and the memory of his murdered companions fresh in his mind, in the overthrow of all his hopes and fortunes, his heart turned to his domestic relations. He expressed his sorrow for the condition in which I saw his unhappy country; regretted that my visit was at such a most unfortunate moment; spoke of Mr. De Witt, and the relations of that country with ours, and his regret that our treaty had not been renewed, and that it could not be done now; but these things were not in my mind. Feeling that he must have

The founders of revolution in Central America. Morazán (left), a Liberal of Honduras, who tried to sustain a United States of Central America. Carrera, a Conservative, who defeated him and for a quarter of a century ruled Guatemala.





The two Americans who fought each other to gain Nicaragua. Commodore Vanderbilt, the financier, and William Walker, the knight errant.

more important business, I remained but a short time, and returned to the house. . . .

"Little did we then know the calamities that were still in store for him; that very night most of his soldiers deserted, having been kept together only by the danger to which they were exposed while in an enemy's country. With the rest he marched to Zonzonate, seized a vessel at the port, manning her with his own men, and sent her to Libertad, the port of San Salvador. He then marched to the capital, where the people, who had for years idolized him in power, turned their backs upon him in misfortune, and received him with open insults in the streets. With many of his officers, who were too deeply compromised to remain, he embarked for Chili. Suffering from confinement on board a small vessel, he stopped in Costa Rica, and asked permission for some of them to land. He did not ask it for himself, for he knew it would be refused. Leaving some of them behind, he went on to join his family in Chili. Amid the fierceness of party spirit it was impossible for a stranger to form a true estimate of the character of a public man. The great outcry against General Morazan was hostility to the church and forced loans. For his hostility to the church there is the justification that it is at this day a pall upon the spirit of free institutions, degrading and debasing instead of elevating the Christian character; and for forced loans constant wars may plead. His worst enemies admit that he was exemplary in his private relations, and, what they consider no small praise, that he was not sanguinary. He is now fallen and in exile, probably forever, under sentence of death if he returns; all the truckling worshippers of a rising sun are blasting his name and memory; but I

verily believe, and I know I shall bring down upon me the indignation of the whole Central party by the assertion, I verily believe they have driven from their shores the best man in Central America."

Going back to Guatemala City, Stephens heard of the ruins at Quiriguá and tried to buy them. Thence he rode north to Quezaltenango, studied the Indians and the ruins and then rode out of Central America into Chiapas and Yucatan.

The account of Stephens, by merely substituting names, could have been taken as a true representation of conditions almost anywhere in Central America for many years after he wrote. But changes were in the making.

CHAPTER VI

WILLIAM WALKER VS. COMMODORE VANDERBILT

STEPHENS gives first hand impressions of the two great figures of the early days of independence in Central America—Morazán and Carrera—and of the state of civilization and the enormous confusion. The scheme of a federation appealed to the generals—and all politicians had to be first of all military commanders with a following—because it gave the opportunity to exercise wider power than in a single state. And for that reason no federation could succeed. These new states not only hated one another but also hated themselves. That is, within each state were factions that hated one another more than they hated the citizens of another state.

In the beginning the difference centred around the Church. The Conservatives supported the Church and the Liberals were against it. Very soon this became geographical in all the states except Guatemala and Salvador. In Honduras the city of Comayagua as the ancient seat of power was Conservative, while Tegucigalpa was Liberal. In Nicaragua liberal León hated conservative Granada, while in Costa Rica Cartago as conservative was against San José which was liberal. Each of these cities at some time made war on the other and sometimes with the aid of another state. Comayagua and Cartago were definitely crushed by their rivals and are to-day

of only historic interest, but León and Granada have each preserved their former status and their rivalry is as intense and as eager to take up arms as ever it was. That is one reason why Nicaragua is still turbulent.

About all that came out of the federation scheme was the intense desire of these countries to mix up in each other's affairs on the pretext of aiding the cause of liberty, but actually because some general saw in himself a second Morazán and the destined ruler of all the republics. This mad craze for power lost to Nicaragua the chance immediately to become the foremost of Central American states and also it opened all the states to the operations of adventurers from all over the globe. What they did not do foreign powers tried to do. These turbulent lands were fair game. The "outs" in any country would ally themselves with anyone to fight the "ins." The European powers thought it would be well to divide up the territory among themselves and they regarded the Monroe Doctrine as only a pretext on the part of the United States to keep all others off until they were ready to take possession—as they had taken Florida and Texas. And so England kept hanging on to bits of land here and there and held fleets constantly cruising in both the Caribbean and the Pacific. France had various designs but events at home prevented them from being carried out, while Spain, with Cuba as the remnant of an empire, wished impotently for more.

There was good reason to suspect the United States, for most certainly in the period before the Civil War it was land hungry—although it had millions of acres as yet unexplored. One kind of pioneer pushed west from the Atlantic seaboard

partly to found a home, but partly for the sheer adventure of the thing. Another kind of pioneer pushed south not so much to find a home as to plant the Stars and Stripes on new soil. Men talked freely of annexing Canada. And when by chance Central America came into the scheme of things men were ready and willing to go out and fight for it just as they were fighting in Cuba—fighting for the sake of fighting and also to annex the island. It was the discovery of gold in California that caused America to discover Nicaragua. It was Commodore Vanderbilt who discovered that he could turn the country to account. It was a little hundred pound American, born several centuries too late, who discovered that he could get men to follow him to death in these lands and without asking why. He made himself a president and eventually he met the Vanderbilt check book and finally stood against a brick wall facing a firing squad. He and others tried to colonize Nicaragua but in the end everything vanished and became part of the bush again. All that remained was a deep suspicion of the United States and its people which the years and the fine upstanding American work of an entirely different character have not wholly changed.

Carrera in Guatemala was the first of a long series of dictators in Central America. He drove out Morazán and made an end to the Confederation as a legal union. Being a strong conservative and churchman, he sought to put conservative governments everywhere through the new republics and such was his fighting ability, that, through the twenty-six years he ruled, few liberal governments anywhere stayed long in office. Guatemala as the ancient seat of the captaincy-general had the habit of being ruled and also it had a creole

class accustomed, if not to the exercise of power, at least to seeing it exercised. The habit of revolution did not get widespread as in Salvador and more especially in Honduras and Nicaragua.

Morazán had brought order under the Confederation and once Carrera had thoroughly beaten him, no other revolutionist had a chance, for Carrera was swift and sure. During his later years another powerful man arose who was to take the state far along. His name was Justo Rufino Barrios, a Liberal, who knew that there was a world beyond and had seen something of it. He was not an ordinary revolutionist and he did not attempt to stir up trouble during Carrera's régime nor that of his successor Vincente Cerna. But when José Victor Zavala was elected to succeed Cerna in 1869 he would not recognize him and in the next year put in his own man, Miguel García Granados, which paved the way for taking the office himself three years later.

Carrera, in addition to running his own country, practically ran Salvador although not so easily as he managed Guatemala. With the overthrow of Morazán who made his last stand in Salvador, as described by Stephens, Carrera put in his friend Francisco Malespín as *comandante* and he made and unmade presidents as he liked until 1845, when the liberals, taking advantage of a quarrel between Malespín and Carrera, took over the government—although Malespín was aided by an army from Honduras. Soon Carrera appeared again and put in his own president. The liberals in 1860 managed for a time to keep Gerardo Barrios, a member of the Guatemala family in power, but Carrera drove him out and it was not until 1863 that they were strong enough to

hold the government—for then Carrera's power was on the wane. They elected Francisco Duenas and he served until 1871 and gave the country a chance to build itself.

Costa Rica's period of active revolution was short lived, once the row between Cartago and Heredia on the one side and San José and Alajuela on the other was settled by battle and the capital established in San José. The country was away from the turmoil of the north and out of reach of the Carrera influence. In addition the ordinary facilities for revolution in the way of soldiers were lacking. Costa Ricans had no great landless class which had everything to gain and nothing to lose by going off to war. Most of the people lived on the high plateau where they had small plots of good soil and so they did not take up arms willingly. And finally the leadership was concentrated in a very few great families who managed to keep on at least moderately good terms with one another and saw the unwisdom of rule or ruin.

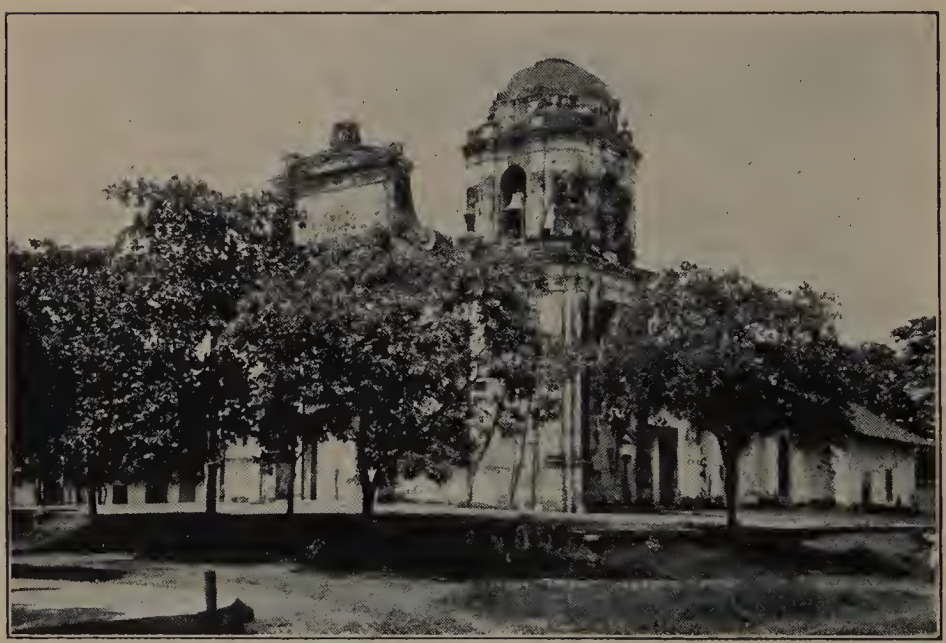
The leading families—the Montealagres, Tinocos, and the Moras—worked together well and the first president, Juan Mora, started to develop a commerce in coffee which the people were just learning to grow. He started the thought, which never reached some of the other states, that a president might work for his country as well as for himself. He was actually re-elected and so was his successor, de Gallegos, who resigned rather than face a possible revolution headed by Braulio Carrillo whom the Congress elected to fill out the unexpired term. But Carrillo missed a connection and when his term was over Congress elected one Manuel Aguilar as president. That forced Carillo to start a revolution and without bloodshed he had Aguilar exiled. Then he took the presi-

dency and in order that there should be no further doubt about his successor issued a decree that he was president for life and not bound by anything congress might do. He was a dictator but a constructive one and carried on the Mora coffee work to such an extent that he may be said to have laid the foundations of Costa Rica's coffee trade and that in turn brought rail transportation to the country long before any of the other republics had a regular enough trade to make a railroad pay. That will be taken up in the next chapter.

Carrillo served only four years of the life term he had set for himself. Francisco, the president of the Confederation who had been expelled from Salvador, turned up at Puntarenas on the Pacific shore with an army. Without firing a shot he persuaded the Costa Rican army to join with him. Carrillo fled to Salvador where he was shortly afterwards murdered and Morazán made himself liberator and president. However his idea of liberty was to organize an army, defeat Carrera and re-establish the Confederation. The citizens did not fancy the plan at all. They did not want war. Morazán ran off to Cartago to raise a force but an impromptu army caught him, brought him back to San José and on September 15, 1842, shot him in what is to-day known as Central Park.

That started a series of small revolutions. Congress could not get Carrillo back from Salvador before his enemies put him out of the way. The provisional president left office as quickly as he could and his successor Francisco Maria Oreamuno in a month changed his mind about holding office and resigned. For this an indignant congress impeached him.

Momotombo, the volcano that dominates Nicaragua. Lake Nicaragua, which would be part of the canal route, may be seen beyond.



León, the Liberal capital of Nicaragua. Typical soldiers. The famous old plaza with the Church of Santa Cruz.

That brought back Gallegos—the same man who had resigned to let Carrillo have his way. Another revolution was brewing and he resigned again to let the provisional president, Alfaro, take command as dictator. He put in a president for a while who shortly resigned and Juan Rafael Mora took over the family prerogative of being president. Of him we shall hear more later.

The course of Honduras was very different. Being in the very center of the land it had a share in everyone's troubles. Guatemala bordered it on the north and Nicaragua on the south while the Gulf of Fonseca gave an easy access to Salvador. Its two chief cities Comayagua and Tegucigalpa hated each other and so it is not surprising that for the first fifty years of its existence as an independent state it was constantly in revolution or at war. Its great man was Morazán although de Dionisio de Herrera who became chief of state after the fall of the Mexican Empire was a man of great talent. He was overthrown because he opposed the Federation. Later he became chief of state of Nicaragua and was elected to the same office in Salvador but declined and became a school teacher in San Salvador. He was remarkable in that he was not a soldier and did not believe in military rule at a time when no one knew any other kind of rule. Juan Francisco Molina in 1839 was the first to bear the title of president and his principal act was to sign a war treaty with Nicaragua by which the two republics at once invaded Salvador on the high ground of bringing about needed reforms. The allies were badly beaten but out of it came a federation of the three countries led by Francisco Ferrera. This lasted

only a few months. Later Honduras and Salvador tried a war with Guatemala and were beaten off. Then Honduras got into the Nicaraguan row on the side of León.

Because the federation plan was the hope of Morazán it has always had adherents in Honduras and José Trinidad Cabañas succeeded in making a union of Salvador and Nicaragua which brought him into war with Guatemala and eventually with Nicaragua. Finally he was himself deposed in a revolution backed by Guatemala. The Honduranians are by nature fighters and they missed no opportunities for war or revolution—no matter what it was about.

It was to Nicaragua that the great opportunity came. In this state the cordillera that runs the length of Central America is broken by a depression which forms the basin of the two great lakes of Nicaragua and Managua. Lake Nicaragua is only a hundred feet above sea level and its shores are within twelve or thirteen miles of the Pacific and separated only by a low range of hills. The other end of the lake opens into the San Juan River which is navigable, except for some rapids, to the Caribbean at Greytown. That is the canal route; it was used by the Spaniards and later it was used by the Americans and it could have been the blessing of the state. Instead it had been turned into a curse.

Nicaragua lost its opportunity in the beginning and has kept right on losing opportunities ever since, because of the insane hatred that exists between the cities of León and Granada. This feud began with the separation of the territory from Spain. Its origin was, as everywhere, religious; León was against the Catholic Church and Granada for it. But the people of Nicaragua are naturally lawless; or perhaps they

have been made lawless by poverty. The great mass of the people have never had a stake in the country. They have farmed as tenants or worked at odds and ends of trades in the cities. If a row were on they had all to gain and nothing to lose by fighting. The religious differences between the Liberals and the Conservatives soon became lost in the atrocities that each committed on the other and thus they became and have remained a nation of feudists.

Although under Morazán the Confederation was Liberal, León refused to recognize its authority and had to be subdued by an army. For two decades the country was in a near civil war, with few presidents or "directors" lasting more than a couple of years. In 1845 Granada gained the help of Salvador and Honduras and the allied armies sacked León, shot the director and a number of citizens and moved the capital to Masaya, a small town between the rival cities and later moved it to Managua—the present site. Neither city wanted a compromise and for a time two governments were set up.

This was ended by the election of General Fruto Chamorro, a conservative who also had a constitution drawn up which formally made him president. This started a new revolution under General Máximo Jerez. He made Francisco Castellón president and León the capital. That started a war with General Chamorro who immediately got the help of Carrera of Guatemala. This brought on a series of events which, if they were told as fiction, would be dismissed as too fantastic. The leaders were all Americans. The two main figures were a knight errant by the name of William Walker and a financier whom we know as Commodore Cornelius Vanderbilt.

William Walker, the son of a Scotchman, was born in Nashville, Tennessee. He graduated from the University of Nashville at fourteen, then he took a degree in medicine at the University of Pennsylvania and a further year of study in Paris. He is reputed to have been a really good surgeon but hardly had he established himself than he decided to become a lawyer. Walker fell in love with a girl who moved from Nashville to New Orleans; he followed, read law and was admitted to the bar but there is no record that he ever practised. The girl died of yellow fever and from then on Walker was a wanderer. He helped to edit a newspaper and, the gold rush coming on, he went to San Francisco. Here he again took up newspaper work and became a local celebrity by being sent to jail for contempt of court.

San Francisco in 1850 was the gathering place of restless spirits from all over the earth—men who would do anything but work. Mexico to the south offered a field for adventure. Two French expeditions recruited in San Francisco tried to establish colonies in Mexico to dig gold but both were driven out. Walker made up his mind to take Sonora, to found a free state and then appeal to be admitted into the Union. This wild project did not seem in the least unreasonable in those days. He gathered a force of men, equipped them and a ship with bonds that he sold as obligations of the future "Republic of Sonora" and landed his men in Sonora. He met with no resistance in several towns and in 1854 formally proclaimed the "Republic of Lower California." The Mexicans gathered in force, many of Walker's men deserted and within less than a year he and a few stragglers surrendered to the American troops on the border at San Diego. He was tried

Granada, the Conservative capital of Nicaragua. The church where Walker's men under Henningsen held out for seventeen days (above). The main street as rebuilt after it was burned by Walker.

Carib village in Honduras, unchanged since Walker's time (above). The old church in Trujillo near where Walker was shot.

and found not guilty. Then he went back to editing. One might imagine that a man willing to fight and to die for what he believed to be a cause might have in him both the physique and the nature of the swashbuckler. Walker had neither. Here is a description of him during the Mexican adventure.

"His appearance was anything else than a military chieftain. Below the medium height, and very slim, I should hardly imagine him to weigh over a hundred pounds. His hair light and towy, while his almost white eyebrows and lashes concealed a seemingly pupilless, grey, cold eye, and his face was a mass of yellow freckles, the whole expression very heavy. His dress was scarcely less remarkable than his person. His head was surmounted by a huge white fur hat, whose long knap waved with the breeze, which, together with a very ill-made, short-waisted blue coat, with gilt buttons, and a pair of grey, strapless pantaloons, made up the ensemble of as unprepossessing-looking a person as one would meet in a day's walk. I will leave you to imagine the figure he cut in Guaymas with the thermometer at 100°, when everyone else was arrayed in white. Indeed half the dread which the Mexicans had of filibusters vanished when they saw this their Grand Sachem—such an insignificant-looking specimen. But anyone who estimated Mr. Walker by his personal appearance made a great mistake. Extremely taciturn, he would sit for an hour in company without opening his lips; but once interested he arrested your attention with the first word he uttered, and as he proceeded, you felt convinced that he was no ordinary person. To a few confidential friends he was most enthusiastic upon the subject of his

darling project, but outside of those immediately interested he never mentioned the topic."

In the meantime it had been observed by the astute Cornelius Vanderbilt that Nicaragua offered the best route from the Atlantic seaboard to the Pacific gold coast. The trip overland was long and hazardous. The route through Aspinwall and Panama was also long and hazardous, for the way across the Isthmus had to be made by muleback. He managed by ways of his own to secure the exclusive right to construct a canal across Nicaragua and, pending its construction, the monopoly of navigating the waters of Lake Nicaragua by steam vessels. Then he established what he called the Accessory Transit Company and, although he had no experience in the tropics, went down himself and made all the plans for his line.

He had a regular sailing of steamships from New York to Greytown, then a line of boats up the San Juan River and another line on Lake Nicaragua. From San Carlos on the lake he built a macadam road to San Juan del Sur from whence he ran steamships to San Francisco. For the thirteen mile road journey he provided comfortable carriages—all painted blue—and these moving in convoys of twenty-five at a time under escort were a noble sight. Vanderbilt knew how to put a thing through; the fare from New York to San Francisco by way of Panama was $600; he made the fare on his route $300—and carried fully twenty-five thousand passengers a year.

Great Britain had been thinking about a canal for a century or more and from time to time asserted claims to this or that part of the Caribbean and always with the ultimate

needs of naval strategy in mind. The British early acquired Jamaica which Admiral Mahan held to be the key not only to the West Indies but to all Latin-America. They had also established themselves in what we now call British Honduras and they extended this dominion by creating the extraordinary Kingdom of Mosquitia. The Mosquito Coast is a strip of land stretching some two hundred miles along the shore of Nicaragua from Cape Gracias a Dios to Bluefields Lagoon and once upon a time was the home of the Mosquito Indians. In the latter part of the seventeenth century a slave ship was wrecked on the coast. The Africans intermarried with the Indians, were joined by Jamaica negroes and escaped slaves and these together with a few renegade whites combined to form a polyglot race of utter worthlessness. It was a nation only in the sense that its people were quite unlike the people of any other nation.

They spoke a language nearer to English than to any other and in 1740 when England and Spain were at war England annexed the whole country and for forty years maintained a claim to it. This claim was given up in 1780 by a treaty with Spain only to be reasserted after the Central American colonies had become independent. The new claim was not direct. Some genius conceived the notion of creating the district into a kingdom and in 1825 one Robert Charles Frederick was duly provided with a crown and duly crowned at Belize and then sent home as a ward of the British Government. Robert did not need a crown but he did need rum. He took the view that among his royal prerogatives was that of trading his estates for rum and he worked up quite a brisk business which was somewhat complicated by the fact that

he had no records and would sell the same tract as many times as purchasers appeared for it. One Henry L. Kinney, a native of Pennsylvania and a moving spirit in the border wars with Texas, bought twenty-two and a half million acres of this rum land for which he agreed to pay a half million dollars. He organized the Central America Company which was the first of a vast number of companies to be organized during the next half century or so for the purpose of selling land in Central America. He sold stock and the stock carried with it land at twenty-five cents an acre.

From all the evidence he seems actually to have believed that he could found a colony at San Juan del Norte. In the meantime the situation was further complicated by the death of King Robert and the accession of his son George William Clarence. The Governor of Belize sent down his secretary, Pat Walker, to prevent George William from selling off anything that his father had overlooked and induced the new king to take a fresh start by revoking all of his father's grants. He further sought to increase his domain by serving notice on Nicaragua to get out of San Juan del Norte on the ground that from time immemorial it had been part of his kingdom—which it never had been. Nicaragua protested and in 1848 Britain seized San Juan del Norte, the Caribbean entrance to the canal route, on the pretense that it was part of the Mosquito Kingdom. The intention was to block the building of a canal and to prevent the further expansion of the United States which had just gained an immense territory as a result of the Mexican War. The town was only a collection of fifty or so miserable huts and the inhabitants were all Jamaican negroes. The British changed the name to Greytown. The

annexation was duly protested by the United States. In due course came the Clayton-Bulwer Treaty under which Greytown became a free city by grant of the King of Mosquitia. The two powers agreed to construct the canal jointly for the free use of all and also not to increase their holdings in Central America.

Greytown as a free city was free indeed. Its people sacked the possessions of the Transit and refused to make restitution. Thereupon a United States warship bombarded the collection of shanties and sailed away. Kinney refused to recognize any merit in George William's decrees and in 1855 he sailed from the United States with a party of colonists. Their schooner was wrecked but Kinney and his party eventually reached Greytown and established an independent government with himself at the head. Vanderbilt protested but Kinney stayed and held whatever there was of Greytown to hold to.

On the Pacific side of Nicaragua other and more extraordinary events were taking place. Byron Cole of San Francisco had been looking over Nicaragua and saw in the revolution an opportunity to use some of the soldiers of fortune who were thronging San Francisco and had nothing at all to do. He contracted with Castellon at León to supply three hundred first-class American fighting men to offset the advantage which General Chamorro had gained by enlisting the aid of Guatemala and Honduras. The General himself made a bargain to hire some Americans—probably with Cole—but he never got any.

Cole submitted his contract to William Walker who, having had some experience with the neutrality laws and also

being a lawyer, rewrote it as a colonization grant. In the same year that Kinney sailed from New York, he sailed from San Francisco with fifty-eight men who were later to be known as the "Immortals." Practically every one of those men eventually died in battle or through fever somewhere in Central America. Walker had a great welcome in León. Another ship brought him reinforcements until he had one hundred white men and one hundred and fifty natives. With these he occupied Vanderbilt's Transit road, took a ship up the lake, captured Granada and made himself commander-in-chief of the armies and the dictator of the country with Patricio Rivas as the puppet president.

Kinney sent a delegation to him asking for peace and an alliance. Walker replied that he would hang Kinney and his colony as soon as he got around to it. Thereupon Kinney tried to sell his grant to the Mormons and failing in that left the country and was later killed fighting in Cuba. Walker then made a great error. He was in contol of Nicaragua and could have stayed in control. He was a hero in the United States. His agents advertised for emigrants and obtained around a thousand of them. This is a characteristic advertisement:

"Wanted.—Ten or fifteen young men to go a short distance out of the city. Single men preferred. Apply at 347 Broadway, corner of Leonard Street, room 12, between hours of ten and four. Passage paid." The notice in the New Orleans paper was more explicit: "Nicaragua.—The Government of Nicaragua is desirous of having its lands settled and cultivated by an industrious class of people, and offers as an inducement to emigrants, a donation of Two Hundred and

Fifty Acres of Land for single persons, and One Hundred Acres addition to persons of family. Steamers leave New Orleans for San Juan on the 11th and 29th of each month. The fare is now reduced to less than half the former rates. The undersigned will be happy to give information to those who are desirous of emigrating. Thos. F. Fisher, 16 Royal St."

Many of these emigrants—perhaps most of them—came as colonists intending to establish themselves in a new and rich land. The moment they arrived Walker clapped them into the army. That was an error but his great error was in picking a quarrel with Cornelius Vanderbilt. With Vanderbilt as an ally he could probably have made Nicaragua into an American state, but he had gained his power so quickly that it went to his head and it is rather certain that he already had designs not to annex Nicaragua but to manage it as his own property.

The recognition of his government became a political issue in the United States, and, a Presidential campaign being on, President Pierce gave what amounted to a recognition in order to forestall the Democrats who wanted recognition and also to gain a little additional popularity by twisting the lion's tail—which was then a national pastime. England, of course, refused to recognize Walker and all the Central American States protested. Costa Rica prepared to do something about it because its government had opportunely discovered certain rights to the San Juan River which would prevent Nicaragua from ever fully controlling the canal.

Costa Rica declared war and sent out an army which had in it French, German and Spanish companies and altogether

totalled four thousand men. They had old English army rifles which Great Britain had sold on credit. Walker had four hundred Americans. The Costa Ricans surprised and massacred a group of them at Virgin Bay and there was sort of a battle at Rivas which both sides proclaimed as a victory. The real victor was the cholera which wiped out most of the Costa Rican army before it got home but strangely enough did not touch Walker's men.

Walker shortly grew tired of having Rivas as president. He declared himself dictator, deposed Rivas and on June 29, 1856, had himself elected president. Rivas immediately asked the aid of Guatemala and Salvador while Honduras joined Walker. The French sent a fleet to the Pacific which protected the Salvadorean troops crossing the Gulf of Fonseca while the English sent a fleet to Greytown. Thus Walker at the age of thirty-three found himself the ruler of a foreign country and the centre of an international dispute. It was a young man's war. Most of his officers were under twenty-five and out for the lark. Some of them had seen service already in foreign wars and his chief lieutenant was, next to himself, the most noted soldier of fortune of the day. This was Charles Frederick Henningsen. He had served in various European wars, had joined Kossuth and had come with him to the United States, where he married a rich widow and attempted to settle down. But Henningsen could not stay anywhere long. He joined Walker and brought with him not only the real military knowledge which Walker strikingly lacked but also some training in artillery. George Law, a New York capitalist and steamship owner became interested through Henningsen and supplied funds for a few cannon. None of

the armies had up to this time had any cannon and only Walker's men had rifles. The natives used the old-fashioned smooth bore guns.

A schooner flying the Costa Rican flag inadvertently put into San Juan del Sur. Walker's men took her, christened her the Granada, mounted two six-pound guns and thereupon the republic had a navy. The Admiral of this fleet was Callender Irvine Fayssoux, a native of New Orleans, who had spent most of his life fighting on the Texas border. The war had ail the settings of a comic opera but there was nothing comic about the fighting. The Central Americans had never in their own battles taken prisoners nor cared for the wounded. They gave no quarter and expected none. Walker on the contrary adhered to the rules of civilized warfare.

The fighting centred around Granada. First the allies captured it but they were driven out and Walker's men occupied it for the time being. The conditions were terrible. William O. Scroggs in his story of William Walker and his associates from contemporary data compiled this description:

"Two large buildings were chosen for use as hospitals, and they were rightly called chambers of horrors. One fourth or more of the men would be lying there at a time fighting fever, the filibusters' fiercest foe. There was no clean linen for the sufferers, and they had to lie in their filthy woollen clothes, which had served for months as a uniform by day and as pajamas at night. The cots were never cleaned or fumigated, and a wounded man would probably be assigned to a dingy one upon which some wretch a few hours before had succumbed to fever or cholera. Flies swarmed over festering

wounds and transmitted infection from one patient to another. Vermin crawled over the bodies and in the hair of the sufferers. Many cried in vain for water; others were raving with delirium and would sometimes roll from their cots and lie for hours on a filthy floor before being replaced by incompetent attendants. The odour was almost overpowering, even to the strong and well. Worst of all, each day the places gave forth an array of ghastly corpses. It is not remarkable that in the presence of such depressing scenes the Americans were prone to resort to hard drinking, and that to the epidemic of fever and cholera there was added a third—desertion. When conditions were at their worst the daily mortality amounted to two or three percent of the total American population, and at the time Granada was evacuated the death rate was so high that the surgeons declared that unless there was a change for the better every American in Nicaragua would be dead within six weeks."

The main force decided to abandon Granada leaving Henningsen to destroy the city. The enemy came on him before he finished his work and for seventeen days he held out in the city with 421 persons of whom 277 were fighting men. During this time battle and disease took 286 of his whole force and when he finally got out by way of the lake, leaving a burning city behind him, his fighting contingent had been reduced to 111. The besieging army is said to have numbered 3000 and they were reported to have lost 1500 men—but this is probably exaggerated. However the losses through fever were undoubtedly very heavy.

Walker consolidated his position and was continually receiving new recruits from both the Atlantic and Pacific

coasts. Each squad came out as colonists but commonly once they were without the three mile limit they found that the colonizing agent in charge was an officer in the Walker army and they were put to drilling. Some frankly enlisted for the war and by the time they reached the shores of Nicaragua they were the "Red Star Guards," the "Alamo Rangers," the "Texas Wildcats," or whatever name struck their fancy.

The Walker navy won a great victory. The Costa Rican navy consisting of one schooner armed with four nine-pound guns and 114 men appeared off San Juan del Sur and Fayssoux immediately stood out with his "Granada" to meet her —although he had a crew of only twenty-eight, of which five were non-combatants and the same two six-pound cannon that he had started with. The spectators who lined the shores saw the two little ships vanish into the darkness. Then they saw a great flash and heard a loud explosion. That was all. The night wore on and no ship came back. They concluded that the big vessel had annihilated the smaller one but with dawn Fayssoux came sailing in unharmed. One of his first shots had pierced the magazine of the Costa Rican schooner and sent it to Kingdom Come.

It was Vanderbilt who defeated Walker. The new president had declared the Transit Company franchise forfeited and sold the ships and right of way to the rival New York firm of Morgan and Garrison. Finally Vanderbilt decided to take a hand himself. He settled on Costa Rica as the most convenient tool and mapped out a campaign to shut off Walker's supplies and reinforcements. An Englishman in Costa Rica organized for him a small squad mostly of foreigners. They came overland to the San Juan River and,

before anyone knew that they were in the neighbourhood, they surprised and captured all the transit ships on the river, took the property at Greytown and some of the lake vessels. They were followed by a Costa Rican army properly armed through funds furnished by Vanderbilt. Before Walker realized what had happened he was shut off from all men and supplies by way of the Atlantic Ocean. A United States warship took charge of the Pacific port forbidding the entry of men, munitions or supplies. Walker found himself besieged in Rivas by an allied army of nearly ten thousand. He had only 1026 men and no hope of further supplies or reinforcements.

The allies settled down to starve Walker out. They held out promises of money and land to all who would desert him and every night a few deserters slipped away. Then Walker marshalled his men, told them that if they stayed with him few were likely to get out alive and offered anyone who liked the chance to desert. Several left but changed their minds before they reached the enemy lines and after that there were no desertions. The besieged army rather quickly ran out of cereals and for weeks it lived solely on mule meat. Walker refused to surrender until May 1, 1857, when the commander of the United States warship arranged that a surrender might be made to him and not to the Central American armies and offered safe transport home to the whole force. In a formal ceremony Walker capitulated to the United States commander accompanied by a naval guard of honour and with none of the representatives of the allied armies on the scene.

He then had 463 men. The enemy had altogether 17,800 men of whom 11,500 were from states other than Nicaragua.

Walker during the two years of his adventure had altogether 2518 men. Of these 1,000 were killed in battle or died of disease, 700 deserted, 250 were discharged, 80 were known to be captured before the final surrender and 25 were unaccounted for.

In spite of all the hardships these men had been through Walker and Henningsen were scarcely back in the United States before they began to recruit a new force at Mobile and New Orleans and before the year was out they had landed again at Greytown. Frank Anderson, one of the Immortals, had gone with a small force by a slightly different route and, taking a leaf from Vanderbilt's book, had slipped up the San Juan River and recaptured all the river steamers. Then came into Greytown a United States fleet headed by the "Wabash" of fifty guns under Commodore Paulding and a British fleet headed by the "Brunswick" of ninety guns. Commodore Paulding took it upon himself to order Walker and all his men to surrender. Walker refused. Paulding trained the guns of his fleet on the Walker camp, put a landing party into small boats and repeated his demand. This is what happened as described by Paulding in a letter to his wife:

"Upon this he came to see me, and this lion-hearted devil, who had so often destroyed the lives of other men, came to me, humbled himself and wept like a child. You may suppose it made a woman of me, and I have had him in the cabin since as my guest. We laugh and talk as though nothing had happened, and you would think, to see him with the captain and myself, that he was one of us. He is a sharp fellow and requires a sharp fellow to deal with him. I have taken strong

measures in forcing him from a neutral territory. It may make me President or may cost me my commission."

Within a month of his landing Walker and his men were on their way home. That did not particularly help Nicaragua. The foreign armies showed a great disinclination to go home and Costa Rica took occasion again to assert right to the San Juan River. The Nicaraguan generals, Jerez and Martínez, who had commanded the forces summoned by President Rivas to drive out Walker now combined, drove out Rivas and elected Martínez president. General Cañas who had been left in charge of the Costa Rican army decided instead of going home to set up a new state of his own. Vanderbilt found Morgan and Garrison claiming his Tránsit Company by virtue of their grant from Walker and one Stebbins also claiming the company on a grant which he asserted antedated Vanderbilt's.

Then a unique character turned up in Nicaragua. He had already gained the complete confidence of the president of Costa Rica. This man was a Frenchman euphoniously named M. Felix Belly who represented some small French promoters but who allowed the news to get about that he really was the personal representative of the Emperor of France. He found that President Martínez had just been forced to make a treaty with the United States confirming the American right to build the canal—although not in so many words—and practically confirming Vanderbilt's concession. He had negotiated this treaty with the full understanding that his assembly would not pass it. The assembly most unexpectedly did pass it and the worthy president had no other course than to sign the document. He did not sign it. Instead he had it

put into an elaborately sealed package and delivered it himself to the representative of the United States declaring that it was the duly signed treaty for transmission to Washington. This gave him time to execute the plans of M. Felix Belly.

That worthy got both Martínez of Nicaragua and Mora of Costa Rica to cede to him the exclusive right to build a canal, to place their countries under the protection of France, England and Sardinia and to issue a proclamation for circulation in Europe denouncing the imperialistic designs of the United States. This remarkable proclamation was only the forerunner of thousands of similar proclamations motivated by equal sincerity which have been issued by odds and ends of presidents, revolutionists and other rascally adventures in these Central American countries and which from time to time are still issued in Nicaragua as well as in the other countries of the Caribbean.

Louis Napoleon, as soon as he heard of Belly, disavowed him. The United States demanded an immediate apology from both presidents. Both presidents delayed their apologies until they learned that warships were on the way and then they gave them in dripping profusion. Martínez, being brought up to a sharp turn, signed the treaty.

Cornelius Vanderbilt as usual emerged out of the confusion with rather more than he had hoped for. The Pacific Mail Company owning the Panama route offered him $56,000 a month not to operate the Transit route. He, for a time, agreed. Later he abrogated the agreement and thought to reopen his route but he never got around to it—at the same time refusing to transfer the concession to anyone else. And

thus in a very little while Nicaragua instead of having twenty thousand Americans a year crossing its territory—each one with a buying power equivalent to that of about a thousand natives—had no one at all crossing the country. The American colonization schemes were all abandoned and all the Americans left except those who were wanted by the police at home. Thus Nicaragua turned its back on the opportunity to become a prosperous and progressive state. It took up anew the sordid feud between León and Granada and lapsed into the hopeless, helpless, quarrelling poverty from which it has not since emerged.

William Walker was tried for violating the neutrality laws and got a hung jury. He immediately set about organizing what he called the Emigration Society to colonize Nicaragua. England, France and the United States sent ships to Greytown to head him off. Walker did not actually sail but Frank Anderson did. His ship was wrecked off Belize and the colonists were returned on a British warship.

In 1859 Walker outfitted another ship but he could not get clearance. His end came quickly and unexpectedly. Off the coast of Honduras is a group of islands known as the Bay Islands of which the chief one is Roatan. They are inhabited by a race of people known along the coast as Islanders and who are neither white nor black but a mixture brought about by the long intermarriage of Englishmen and Jamaica negroes. England had claimed these islands but under the Clayton-Bulwer Treaty they had been nominally restored to Honduras. In spite of this Great Britain set up the Colony of the Bay Islands. In 1859 by a treaty with Honduras she agreed to give up all claim. The inhabitants of the islands

A typical coast village in Guatemala (above). A Guatemala mountain town.

Age-old methods. Winnowing wheat in Guatemala (above). A butcher shop with the meat hanging out to dry in the sun.

had nothing at all in common with the Honduranians and resolved to fight annexation. They sent for Walker to help them.

He forwarded men in small groups who assembled on one of the islands and then he followed and took command. While waiting for reinforcements to come down from the United States he restlessly decided to attack Trujillo, a port near by on the Honduras coast which had an old fort dating from Spanish times. He landed with a small force, captured the fort without difficulty and then made the mistake of declaring the port free. Thereupon a British warship arrived and the captain landed to inform Walker that all the custom receipts of this port were already mortgaged to English bondholders as security for a loan and he requested an immediate evacuation. During the night Walker and his little force struck off down the coast heading for Nicaragua. A Honduranian army gave pursuit. The British commander knowing that Walker would have to cross the Rio Negro sailed down the coast and sent a party up river in boats. To them Walker surrendered and the evidence seems clear that he surrendered to the British commander for a safe conduct home.

Instead of that the commander took him aboard the ship, sailed back to Trujillo and delivered him to the Honduras authorities at that port. The British consul at Trujillo was Alfredo Melhado and the consulate has been continuously in the family ever since. His son assured me that Walker had no guaranty of safe conduct but that his father, after Walker had been put in jail, offered the Hondurian commandant up to ten thousand dollars out of his own funds to deliver Walker into his custody, guaranteeing that he would leave

the country and not return. All of this was unavailing.

At dawn on the twelfth of September, 1860, William Walker standing before a wall of the old Spanish fort with unflinching bare eyes looked into the muskets of a firing squad and died.

His death marked the end of an epoch. The United States turned its attention to its own Civil War.

CHAPTER VII

DICTATORS AND DEBTS

IN 1866 Carl August Franc—a steward on one of the Pacific Mail steamships—on a venture bought some yellow bananas at Aspinwall which was then a part of Colombia and took them with him to New York. That was not unusual. Steamers from the tropics frequently brought curiosities to port—odd fruits, birds or animals. The important fact was that Franc sold his bananas at a profit and thereby made the discovery that these tropical curiosities had in them the beginnings of a commerce. His two brothers joined him and the firm of Franc went into the business of carrying bananas from Aspinwall to New York.

This Franc shipment was possibly not the first; there is an account of a schooner from Cuba having brought in thirty bunches in 1804—although no one can verify the fact. And from time to time small consignments of red bananas came into the Atlantic ports from Cuba, the Bahamas and later from the Bay Islands, but these were merely sold at auction on the docks and bought by jobbers who were willing to take a chance. But Franc was the first to go into the banana business.

That any trade at all in bananas should have developed is, looking backward, very remarkable. For even in the tropics bananas were not highly esteemed—they were hardly in a

class with their tougher brother, the plantain, which was and still is a staple food. The fruit was supposed to be unhealthful and quite often it was. Neither the shippers nor the fruit dealers knew when a banana was fit or not fit to eat. No one at all imagined that the growing and marketing of bananas could be developed into a great industry with far reaching economic effects. For then trade was carried on in the belief that goods had to satisfy an existing demand. It had not been comprehended that demand is a thing which must be created.

Coffee was the crop that seemed to give promise. It had the advantage of not requiring roads and wagon transportation. Coffee had been introduced into Costa Rica about 1800 and very quickly it was discovered that the high tablelands about Cartago and San José were ideally fitted for the raising of very fine varieties which found ready markets at high prices in England and on the Continent. Coffee likes cool weather and an even temperature. The slopes of the Cordilleras running through Central America are, up to an elevation of about five thousand feet, wonderfully adapted to coffee culture. Rather soon coffee became the chief product of all these countries but more especially of Costa Rica and Guatemala—although under very different conditions.

Costa Rica had no great supply of cheap Indian labour and a great deal of labour is necessary in coffee culture. The ground must be kept absolutely free of weeds; the plants must be shaded (for this purpose a species of the guava tree was found to give the best results) and the berries must be very carefully picked by hand. This made bringing a plantation into bearing a slow and costly process. Only lately has it been discovered that banana trees may be used at the

In modern San José de Costa Rica. A beautiful public building (above). The famous National Theatre.

Minor C. Keith, a pioneer in the American tropics and now Chairman of the Board of the International Railways of Central America.

beginning of a plantation to give immediate shade and also to produce an income while the plantation is coming into bearing. That is an odd off-shoot of the banana trade. Bananas will not grow for long above an elevation of three thousand feet and prefer lower ground, but in high altitudes they will grow long enough to pay for themselves with something over. Coffee will, it has been discovered, grow as low as three thousand feet. This combination of bananas and coffee has created the tremendously wealthy Turrialba district of Costa Rica which even twenty-five years ago was thought of only as a place that had to be crossed in order to reach the heavenly regions of San José.

The absence of cheap labour created a class of small landowners in Costa Rica—which is one of the reasons this country has been less harassed by revolutions than have the others. In Guatemala on the contrary was a very large Indian population accustomed to hard work and scanty living. In the Spanish days as many of them as were needed by the landowners were practically taken as slaves. As coffee growing increased under the republic, these former Indian slaves were indentured by their chiefs or by the generals of the districts in such fashion that they were slaves in everything but name. Thus Guatemala and also Salvador established a class of *finqueros* with large estates and also a class of serfs. Honduras and Nicaragua did not take so quickly to coffee growing on a large scale because their mixed and turbulent populations would not consent to work anywhere for long and especially not at low wages. Also, few men cared to make the outlay necessary to start a plantation, only to have it destroyed by some revolution. It was more profitable to go into cattle

raising, for cattle might be driven out before the revolutionaries needed them.

The staple foods everywhere, as Stephens noted, were corn and beans. Anyone could grow these without any real tillage. And almost everyone did. But they were purely local and not export or money crops. The money came from either coffee or cattle until the banana developed as a money crop.

At various points along the Caribbean and Pacific coasts traders established stores and commission houses. Invariably the proprietors were foreigners and most of them were British. They acted as bankers, commission merchants and merchants. A typical store is that of Melhado Brothers which has been operating at Trujillo since 1854. The firm, which is now run by the sons of the founder, has weathered countless revolutions, has seen the town sacked time and again, has compromised with all sorts and conditions of levies and in spite of all has flourished. The store sells all and every sort of merchandise at both wholesale and retail and of course it has always been necessary for the proprietors to finance the local merchants in the interior as well as to make loans to planters and cattle breeders. They trade in cattle, mahogany, hides and, when the market is high enough, in rubber. For rubber is grown in Honduras and can be grown almost anywhere on the Caribbean littoral but it is an article of commerce only when the world price is very high. The mozos cannot be induced to take any care in its gathering and neither can they be persuaded not to pack it full of stones to increase the weight. Only foreigners who retained their foreign citizenship ventured into business in the early days. Not only do the nationals seldom have the capital to make a start

but also he has no protection at all against wholly illegal taxes and contributions. Even the foreign merchants must at times make contributions and sometimes even intervene to end revolutions.

The foreign merchants rather rapidly acquire a large share of the best land in the various countries. They finance the growers and in a bad year when the growers cannot pay they are apt to get the land. Rarely does a grower have any reserve capital and—in the early days—any citizen who was reputed to have amassed money quite shortly found special taxes levied on him or discovered that he had been chosen to make a voluntary loan to the government. If he promoted a revolution and won then he had a chance to earn some money out of his plantations. But, when the next revolution came on and he lost, he paid through the nose. Thus early arose the canny practice of keeping all surplus funds in London, Paris or Hamburg and later in New York. Very few of the people in these countries at the time of the separation from Spain had any considerable funds although some had large areas of land. None of them ever had the opportunity safely to invest their funds in their own countries otherwise than in land. Capital investment had to be made by foreigners, for only foreigners could protect themselves against irresponsible governments. That is why these countries never could do anything for themselves and they were further held back by an ability at the beginning of their careers easily to borrow money. They were astonished to discover that they could borrow—so astonished that they made no distinction between loans and gifts. They would sign anything and they quickly found themselves

without credit. To these early loans can be traced much of the talk of financial and other imperialism which has surrounded all attempts at the development of the American tropics. But none of these loans was made by the bankers of the United States. Indeed they were made in part to checkmate the influence of the United States and in part for the enormous profit that was supposed to lie in them.

When these countries separated from Spain, the tradition was still in force that they held within them enormous wealth. In the earlier chapters the greed of Europe to gain this wealth has been described. Had Spain, France and Great Britain been able to arrive at any arrangement on the division of territory, the opposition of the then weak and sprawling United States would not much have mattered. In the absence of any agreement the protests of the United States were certain to be joined in by some country not satisfied with its share.

England was becoming a powerful banking nation. The growth of the London money market as the result of a centralized system of deposit banking, quite unknown to the Continental countries, gave England a far greater lending power than nations which were actually much wealthier. This lending power was already starting overseas into every country in the world, and Britain's financial empire was being established. It will be remembered that British money played the largest part in the earlier development of the United States.

No sooner had the United States of Central America been organized than it was offered a loan by British bankers. That was the policy. When the federation broke up this loan was

assumed fractionally by the several states and rather soon each of these states was offered loans under a well-considered policy that in this manner the influence of the United States —which had no money to lend—could be nullified. These loans will be described later in this chapter. It is enough here to say that together they form a most remarkable story of financial imperialism. None of these governments knew responsibility. Many of the military leaders who became presidents or high officers could neither read nor write. Few of them knew more than vaguely that there was a world beyond their borders. They executed loan agreements with only hazy notions of what they were all about except that they were going to get some money. As to what might happen afterward—they neither knew nor cared. Some of those loans still hang on in nearly their original form. A few have been paid in part or refunded but, except in Nicaragua, the payments or successful funding operations have been due solely to the efforts of one man—an American by the name of Minor C. Keith. He has played an infinitely more important part than any other individual both in developing these states and in rescuing them from themselves. Of him more later.

The one effect of the Walker régime in Nicaragua was to bring on a period of comparative peace. Costa Rica gave up the notion of taking over the San Juan River and controlling the route to the Pacific. Generals Maximo Jerez and Tomás Martínez became joint presidents of Nicaragua—the one representing the Liberals of León and the other the Conservatives of Granada. The threats of a Costa Rican invasion hastened this compromise and later led to the election of Martínez as president. In 1863 he put down the inevitable

revolution led by Jerez and thereafter for thirty years the Conservatives ruled Nicaragua holding what were called elections with great regularity and putting down all attempts at revolution with a prompt ruthlessness. Behind these governments were the power and leadership of the Chamorro family which during this period became the most powerful in the state.

Costa Rica likewise after a few years of revolution settled temporarily into a stability of government which quickly took the state ahead of all its neighbours. Costa Rica had its coffee fincas and had already begun to establish the elaborate beneficios or coffee drying and sorting stations for which it is to-day so noted. None of the other states—in fact none of the coffee districts of the world—has ever approached the exquisiteness with which the Costa Ricans prepare their coffee. These *finqueros* had no intention of being mixed up in any wars or revolutions. They had quickly deposed and shot Morazán when he proposed to lead them into war and they made short shrift of their own ambitious generals. Juan Rafael Mora who had led the forces against William Walker lasted for ten years ending with 1859. Then he was overthrown in a short revolution, went into exile and was captured and shot when he returned to head a new revolution.

The control was with Colonels Maximo Blanco and Lorenzo Salazar but the presidents they selected were able men. José Maria Montealegre and Jesus Jiménez really served the country—establishing a measure of justice and making a beginning of education. José Maria Castro came after the first term of Jiménez but Generals Salazar and Blanco threw him out of office and put in Jiménez again who served until

1870, when one of the great figures of Central American history appeared—General Tomás Guardia at the head of an entirely constructive revolution. For twelve years he ruled the country sometimes as president, again as commander of the army, or again frankly as a dictator. It was he who began the construction of the interoceanic railroad which began the development first of Costa Rica and later of the whole Caribbean coast. This will be described in the next chapter.

Guatemala has always been a country ruled by dictators who have, however, usually felt it necessary to observe the form of being re-elected. Carrera, the Conservative who defeated Morazán and broke up the federation, became president in 1844. Ten years later he was made president for life and he ruled almost continuously until 1865. Then another strong man but a Liberal—Justo Rufino Barrios—took actual although not always titular command and held it until 1885. Carrera had been a strong churchman; Barrios was opposed to the church and he had various radical ideas. He expelled all the religious orders and confiscated their property. He broke up many of the old wealthier families. He made plans for building railroads. He founded a school system and took up the mantle of Morazán in forwarding a Central American union—at first by persuasion and later by force. In 1885 during a war with Salvador he was killed in battle.

The opposing army was led by Rafael Zaldívar whom, in spite of his being a Conservative, Barrios had kept in the presidency of Salvador. This state was independent but through this whole period first under Carrera and then under Barrios the presidents were actually dictated by Guatemala.

Honduras likewise felt the influence of Carrera and Barrios and could have no presidents not approved by them. José Maria Medina, a Conservative, lasted only as long as did Carrera and then he was overthrown by the Liberals. He was followed by two presidents who lasted two years each. After them came Marco Aurelio Soto who held office until 1883 when Barrios forced him to resign and put in his place Luis Bográn who held office until 1891.

It was during this troubled period, while these countries were trying to find themselves, that the debts which have ever since bothered them arose. Immediately on the formation of the federation the English bankers offered President Morazán a loan of seven million dollars at six percent interest and a discount of twenty-eight percent. It was a remarkable loan in that the united government had no revenues or means of raising money. None of the member states had delegated to the union their right to tax. Up to the time of the dissolution of the federation, the bankers had advanced only $815,000 and no one knows how much of this sum actually reached the government treasury. On dissolution the various states assumed fractions, Guatemala taking five-twelfths or the largest share.

On this sum of $339,000, Guatemala made no payment whatsoever. In 1856 it was consolidated in a loan for half a million dollars against which was pledged one-half the customs. In 1869 another British banking firm made a loan of two and a half millions against a pledge of the import duties. Both these loans went into default in 1876 and remained so until 1888 when they were refunded in a loan of four and a half million dollars at four percent. In 1894 the state again

A city created by Americans. Limón, Costa Rica, terminus of the railway. An airplane view showing the piers in the distance (above). A street in what was formerly a pest hole.

Scenes on the remarkable Costa Rican railway that cost so many thousands of lives in its building.

defaulted and in the next year the loans were refunded in a loan of approximately eight million dollars at four percent. This was secured by a special tax on each bag of coffee exported with the understanding that the amount of the tax should not be changed. In the next year the government borrowed three million dollars in Hamburg—which was bidding for Central American trade—supposedly for the construction of a railway for Puerto Barrios. This was also secured by a coffee tax and possibly by the same coffee tax that was pledged for the British bonds. The interest on both loans went into default. The government played off one set of creditors against another, changing the unchangeable coffee tax at will and generally playing ducks and drakes with all the bondholders until 1913 when the British Government intervened and insisted on a certain regularity of interest payments. This arrangement has been reasonably followed although it is difficult to say whether in the various compositions, concessions and refundings the federation debt has actually been paid off.

The little state of Salvador assumed two-twelfths of the federal debt and although it never paid any interest, it compromised the debt in 1860 and actually paid it off at ninety percent of its face value. Salvador being wholly under the domination of Guatemala did not come into the money market until in 1889. Then it borrowed a million and a half dollars in London to build a railway. This was the beginning of a series of loans for railways and public improvements which have since been refunded in an American loan which will be taken up in a later chapter.

The finances of Nicaragua eventually had to be taken un-

der American control but for some unknown reason this state in the early days did not succeed in borrowing any money beyond assuming the sum of $130,000 as a share of the debt of the federation. On this it made no payments of any kind until 1874. It was not until 1886 when it began building a railway that any further money was borrowed. From that point on the finances of Nicaragua began to be complex—so complex that, with revolution and other disturbances, the service of these loans has played a major part in determining of the policy of the country and will be taken up in Chapter XV.

Costa Rica assumed only one-twelfth of the federation debt and this it paid off in 1840 at eighty-five percent of the face value thereby establishing an initial credit. It was not until 1871 and 1872 that it began borrowing and then for railway purposes. London bankers advanced two loans, the first with a face value of five million dollars and the second with a face value of twelve million dollars. Out of neither of these loans did the republic get much real money. They went into default almost at once and remained in default until the external finances of the country were taken in charge by an American, and what he did with them will be told in the next chapter.

Honduras still has its debts which amount to the extraordinary sum of more than 125 million dollars. Out of this great sum of money the country realized, not a railroad from Puerto Cortéz on the Caribbean across to the Gulf of Fonseca which was originally planned, but only a streak of ninety kilometers of indifferently built, narrow-gauge road going nowhere in particular, which in order to be profitable

has had to be leased to a banana company. All of these loans were made in the three years from 1867 to 1870 and they include the $135,000 which the state assumed as its part of the federation debt. Up until 1873 the government paid interest on its bonds out of the moneys borrowed and since then it has paid nothing at all—although hardly a year has passed without some compromise or some settlement being suggested by the bondholders who are represented by the Council of the Corporation of Foreign Bondholders in London. Various syndicates have agreed to take over and complete the railroad on some terms which either the government failed to ratify or the syndicate failed to live up to. The most ambitious of these was the Honduras Syndicate which held the railway for a while, only to have the property taken over again by the government. From 1909–11 the State Department at Washington undertook to refund the debt and secure some additional funds in order to prevent a plan devised by the British bondholders from going into effect. It was felt that the British plan held dangers to the Monroe Doctrine. Under an arrangement devised by Secretary Knox, J. P. Morgan & Company agreed to take over the old bonds at the rate of $75 per each $500 face value of the bonds—which gives some idea of the real worth of the debt. This was accepted by the bondholders and the United States undertook to collect the customs duties in the service of these bonds as well as of an issue which would provide some new money. The Honduranian congress rejected the proposal and the bonds are still outstanding and, at the time of writing, in about the same condition they have always been in, except that now the National City Bank of New

York collects as the agent of Honduras the revenues of all its foreign consulates.

These countries are probably justified in not paying some of their old debts—certainly they are not justified in refusing to make compromises. The new loans in the Caribbean are from New York bankers and they are on a very different basis from the old European loans. They are indicative of the new relations and of the new economic set-up which is developing.

CHAPTER VIII

A PIONEER

DURING December 1871 Minor C. Keith, a young man who had come from Brooklyn by way of Panama, landed at Puntarenas on the Pacific side of Costa Rica, in company with his elder brother, Henry Meiggs Keith. They proceeded by mules to San José on the high plateau, thirty-eight hundred feet above the sea. They were bound for Puerto Limón on the Caribbean.

In those days no ships went to Limón. There was nothing there. It was only a swamp that General Tomás Guardia had decided was a good place from which to start a railway into the interior. Costa Ricans never went near the Caribbean. They held it to be the home of pestilence and death. They always went in and out by way of the Pacific.

Minor Keith was on his way to a job. His brother had the contract to build the railroad and had offered to put him in charge of the commissaries with a contract to feed the men and two hundred thousand dollars cash capital to engage in general commercial business on the Central American coast. At San José the brothers bought more mules, took a guide and started down the mountains into the bush. There were only trails after a few miles. That did not deter them and neither did the warning that the jungle was fatal to a

white man in the rainy season. The journey took over a week—but they reached Limón and the job. And thereupon Minor Keith began a career of defying the old proverb of the country to the effect that the first time a man made a trip over this trail he was a hero but if he did it a second time he was a damned fool.

Keith made the journey hundreds of times. He built the railroad—although it took twenty years; he financed the government itself, he financed other governments, he built other railways and eventually came to be recognized as among the great empire builders of the world.

Minor Cooper Keith—that was his full name—was the first to learn that the only way to get something out of Central America was first to put something in. That elementary fact had not been previously noted by anyone. They had all been gripped by the myth of the easy wealth of the tropics and had come merely to take. He worked differently and never found himself in conflict with any government, for everywhere he brought more than he took away. He created wealth. He did not hunt for wealth that had already been created. And to-day, after more than half a century, he stands out as the founder of the most important enterprises in Central America. He continues in their active direction. Among his larger present objectives is the linking of all the railways of Central America into a single system so that one may travel from the United States to the Canal Zone by rail. The effect of such a system will be the making possible of a real confederation of these states upon both a political and an economic foundation.

Keith is the founder of the Economic Empire of the Carib-

bean. He is the second in line of Latin-American builders. His father, Minor Hubbell Keith, was in the lumber business in Brooklyn. From this he branched out into the buying and selling of real estate. He had married Emily Meiggs. She had a brother, Henry Meiggs, who also was in the lumber business. When the gold rush of the Forty-niners came on—which was the year after Minor C. was born—Henry Meiggs caught the fever and went to California. Minor's father took over the Meiggs' yard and mills, and subsequently Minor himself occupied the same yards.

Henry Meiggs reached California but he stayed in San Francisco and went into trading and then into politics instead of taking to prospecting. He became a political leader and then he fell into financial trouble. He took ship for Chile and while there built by contract the railway between Santiago and Valparaiso. Afterwards he went to Peru—just to look around. Off the coast of Peru are the Chincha Islands which then had immense deposits of guano. This was being sold off in a desultory sort of way and Meiggs saw the opportunity to organize this natural resource into a business. He made a partnership with the state to market the guano. Up to this time the revenues had belonged to whatever faction happened to be in office and the country was totally undeveloped.

Meiggs brought into play his own political powers. He never sought office but he planned who should have all of the offices and also he planned railways up into the Andes. Those railroads over the Andes are still the wonder of the world. One of them—the Oroya Railway—rises 15,200 feet above sea level. As *Don Enrique,* he came to be known all

along the West Coast. Not only did he build the roads but he financed them in Europe on the strength of the guano revenue and up to a total of $150,000,000. He held railroad contracts amounting to $126,000,000 and it is said that during his rule more than half a billion dollars was realized from the guano. He abolished all taxes and also he abolished revolution by finding jobs for all potential revolutionists. He even went so far as to buy an armed schooner for one man who insisted on either having a navy or starting a revolution. It is a well known fact that Henry Meiggs paid all his California debts with interest—but without returning to California.

The prestige of this building went all over Latin-America and when Tomás Guardia became dictator of Costa Rica and advanced the idea of a transcontinental railroad, it was to Henry Meiggs that he gave the contract, the Government sending a special representative to Peru for that purpose. With Meiggs at the time was Henry Meiggs Keith, Minor's elder brother, and the contract was turned over to him for the price of £75,000. He sent for Minor, who was in Texas, saying that he could make more money in Costa Rica than anywhere else.

Minor was then living an extraordinary life on Padre Island, which was near Corpus Christi in Texas. His father had been wealthy enough to send him to private school, but neither father nor son saw any point in going to college. At sixteen Minor had taken a job in a men's furnishings store on Broadway in New York City at three dollars a week. He did not stay long at that. Shirts and collars were not in his line. He quit to become a lumber surveyor and before he was

American engineers in the jungle. Transporting pipe for a water supply (above). A construction camp.

Modern transportation. American built rolling stock lined up at Siquirres on the Costa Rican line.

seventeen he was in the lumber business for himself in Brooklyn and remained there four years. His father had bought Padre Island and persuaded Minor to go down and inspect it, which he did in 1869.

Minor finally reached the place going by muleback from Brownsville to Point Isabel and from there by Government mules to Aransas Pass, the upper end of the island. He discovered that the island would make a good cattle ranch, and as a place to live, it exactly accorded with his taste. It had plenty of game of all kinds, duck, geese, brant, deer, fish—and no people. He decided to raise cattle and bought three thousand head which were on the island for $7,500. Very shortly he found that there was no money in cattle—a good yearling bringing only a dollar and a five year old steer five dollars. There was money in hogs, and Keith imported a number of blooded boars, bought a lot of hogs, built a house and a small packery, and also constructed a little sloop. He slaughtered the cattle for their hides and tallow, boiling the beef to try out the tallow. Then he fed hogs on boiled beef and also parboiled fish, which could be had in any quantity by using seines. The tallow and hides he sold at Corpus Christi. He planned to make bacon which brought a good price in the market. In this fashion he was leading the sort of life he liked and also earning a fair amount of money when Henry's letter came inviting him to cast his fortune in Costa Rica.

Limón, when Keith first saw it, was only a fringe of ground along the sea. Behind it stretched the interminable swamps. It was shunned even by the Indians. About five hundred Jamaica negroes were working—the men from the interior

would not come down to the coast and the Indians would not work. Supplies came in by schooners from New York shipped by the agents of the Railway. The colony had no fresh vegetables and no fresh meat; of course they had no ice. And the beating heat of the sun made the soggy ground fairly steam. Insects swarmed everywhere and especially mosquitoes. "But," as one of the survivors said, "we were lucky enough not to know that the mosquitoes carried yellow fever and malaria."

Keith went to New Orleans on the steamship "John G. Meiggs," bought by Henry M. Keith in London (this being the first steamer trading on the Central American coast), to obtain laborers. His terms were one dollar a day and food. He hired seven hundred men and at least forty of them, it came out, had been with William Walker in Nicaragua and, in spite of their hardships there, were willing to make another try. Twenty of the squad were railway men. They had been picked as foremen and were fairly dependable, but the New Orleans chief of police said that the others were the toughest crowd he had ever seen assembled in one place. As a precaution Keith bought a couple of dozen revolvers and cutlasses and hid them in his own stateroom.

He directed the ship first to Havana to take in sugar and other cargo; there twenty-five of the men deserted. Then the ship headed for Belize and at night, twenty miles off shore and in a heavy gale, ran on a coral reef called Chincorra Banks about ninety miles north of Belize and twenty miles off the Yucatan coast. The captain turned up drunk and Keith took command. It was too rough to launch boats and his big job was to keep the gang from raiding the whiskey

kegs and getting drunk. When morning came, they tried to rush the boats. Keith and the foremen kept them back at pistol point. Then he set them at shifting some of the cargo from the bow to the stern and jettisoning another part. In this way he got the ship off the reef about daylight and, due to a water-tight compartment, it kept afloat. He reached Belize, made some repairs and finally at Limón landed the men and what remained of the cargo. Of those seven hundred men not more than twenty-five ever left Limón. All the others died of fever. Later he brought down fifteen hundred more men; all of them died. Subsequently he imported Jamaica negroes and they stayed.

During that first year Limón had two hundred and fifty inches of rainfall and the road advanced about four miles. Limón was most of the time under water. Minor Keith during twenty-seven years in the tropics never once had a doctor—or needed one. Although he had all kinds of fevers, he always cured himself.

President Guardia thought he had financed the road in London. In 1871 he borrowed £1,000,000 which netted the Government about £556,000. This was not enough to complete the line and in the next year he borrowed £2,400,000 more, receiving eighty-two percent of the face value. The bonds were no sooner on the market than they began to drop in price. Certain bankers in London advised the President's agents to support the market by buying in bonds from time to time. This they guilelessly did and in the end found themselves with most of the bonds back on their hands and with neither money nor market, as the Government was obliged to default in interest payments. Don Tomás had determination.

He meant to put the road through whether or no. Keith had even more determination. By 1874 he had pushed the tracks forward nearly twenty miles. Every bit of the work was by hand.

It must be remembered that at this time there were no railroads at all between the Rio Grande and the Isthmus, except a short stretch which had been built in Honduras. No engineers knew anything about building in tropical swamps. The men whom Keith gathered around him afterwards built most of the roads in the Caribbean. For instance, A. J. Scherzer afterwards started the Salvadorian railways for an English company. George H. Latham, who came from Virginia, later built the railroads in Jamaica. H. D. B. Norris, who was a superintendent under Keith, built the Nicaraguan roads.

About this time, his elder brother returned to the States and shortly after his return died, and Minor continued the work, making subcontracts with the Government. The Government was unable to find further funds but otherwise did everything in its power to assist and by 1882 the railway was completed to the Rio Sucio in the Honduran valley about seventy miles from Port Limón.

He found money where and as he could. The Government created an issue of paper called *billetes privilegiados* (privileged bills) which bore twelve percent interest and were legal tender in payment of custom dues. Keith was able to borrow from usurers in the country on this paper, paying twenty-four percent per annum interest and depositing *billetes* to double the amount of the loan as collateral. This was good enough finance for the interest on the paper pledged

was equivalent to the interest paid on the loan. At one time he had fifteen hundred negroes on the work. They did not have a payday for nine months—but they kept on working.

In 1882, Don Tomás Guardia died, but before his death he requested Keith to make a statement of his losses. This he did and Don Tomás immediately instructed the Finance Minister to pay these losses to the extent of a million dollars. This was done by issuing notes—all of which were paid.

Upon the death of Don Tomás Guardia, his brother-in-law, General Don Próspero Fernández, took charge of the Administration of the Government. In 1883, both the Government and Keith considered it advisable to restore the credit of the Government and at the same time endeavour to obtain funds for the completion of the railway up the Reventazón valley to Cartago. Keith made a contract with the Government which gave him full powers to arrange the defaulted foreign debt, and agreed on his part to complete the railway through to Cartago. He proceeded to London at his own expense. After three years there, he finally completed a settlement of the debt and also arranged with the house of C. de Murrieta & Company of London for £1,200,000 to finish building the railway.

The most difficult period in the construction of this railway was between 1874 and 1882, for then the Government was without credit or funds and Keith had to depend upon his own credit to continue construction. His belief was that the railway should continue up the Reventazón valley from a point about forty miles from Port Limón to Cartago to the interior, while Guardia believed that it should be extended to the Honduran valley and go up that valley to San José.

Together with Don Tomás, Keith made a trip up the Honduran valley taking also Juan Bautista Quiróz, the present Jefe del Control, and six or more important personages. After a trip of several days, enduring many hardships, the President also was convinced that the best line was up the Reventazón. The Honduran route was therefore abandoned, although at present this branch is quite valuable for it passes through the fertile Santa Clara region.

During the period 1874 to 1882, Keith was very much occupied not alone in constructing the railway without funds, but also in planting bananas on a very large scale in the Matina and Zent valleys, and on the Santa Clara plains. He had looked around for traffic and saw that there was none. The road did not go far enough to tap the coffee plantations and there was no local traffic. So he created traffic. He had in 1873 brought some banana plants up from Colon and set them out at Limón. Those were the parent plants of all the plantations in Costa Rica and some seed was subsequently distributed throughout Central America. That was the start of the banana industry in Central America. In the same year he commenced shipments of bananas to New Orleans by the steamship "John G. Meiggs" in joint account with Charles Frank of Colon who was shipping small quantities to New York by Pacific Mail Steamship Company. (See Chapter VII.) The shipments to New Orleans began with 250 bunches as the market would not take more than that quantity. In 1881 he made his first full cargo shipments to New Orleans. Later he organized the Tropical Trading and Transport Company, Ltd. to take over his Costa Rican banana interests. He built up a large enough business in the

United States to make necessary a more regular supply of fruit than Costa Rica could give. That took him afield. He tried plantings in Nicaragua. He arranged a joint account business with the Atlas Steamship Line, controlled by Sir Arthur Forwood of London. Keith planted and furnished the fruit at its actual cost, transported it over the railway and loaded the fruit on the Atlas ships without charge. The Atlas Steamship Company transported it without charge, and upon the sale of the fruit for their joint account the profits were equally divided. The Atlas line commenced this business with two small ships and in a short time the fleet increased to ten, for the business became very profitable. These profits were of great aid in forwarding the railway work. Keith also did a joint account banana business with a rich London coffee house that had an office in New Orleans. They contracted with a Newcastle shipping firm to construct a ship for the trade, and in a short time were running weekly cargoes of fruit from Port Limón to New Orleans.

About the time Keith returned to Costa Rica from England, Ferdinand de Lesseps commenced work on the Panama Canal, and Keith found that his dependable labour supply of Jamaica negroes was shut off, for those negroes could earn five dollars a day at task work on the Isthmus. That spelled bankruptcy. He could not compete at such prices. Then he turned to importing negroes from the Barbadoes, Martinique and other West Indian islands. It was not good labour—but it had to serve.

The interest on the bonds issued in London was accumulating, and Keith had to employ every man he could find to rush the road through to completion. He contracted for two

thousand Italians, brought them to Costa Rica and placed them on the Reventazón. But between the climate and their secret societies they had a most unhappy time. One day, without warning, they struck and started through the jungle, seeking the highlands of the interior. About sixty of them died from hardship. Then Keith gathered the survivors together and put them at work in the mountains. Finally they chartered a ship and returned to Italy. At about this time the French enterprise went bankrupt, and then there was no difficulty in obtaining labour. The Italian exit proved a great blessing.

While Keith was in London, Don Próspero Fernández died and his place was taken by his son-in-law, Don Bernardo Soto, who carried out the contract. In London Keith completed arrangements with the Colombian Land Company which gave him the control of the banana business at Santa Marta, Colombia, and after returning to Costa Rica, he made a bargain with the Snyder Banana Company which gave him control of the banana business at Bocas del Toro, Panama.

During this period 1874 to 1882, in addition to no money, there was always the question of labour. Keith had no money for sanitation and the men whom he brought from New Orleans would not bother to take the slightest precautions. They drank huge quantities of whiskey and let it go at that. And so they fell before yellow fever, malaria and dysentery. As the line progressed, the funeral train was a daily feature. At least four thousand men died in those first twenty miles of building; no one knows how many more died, for no one bothered accurately to report. Among those who fell were

Coffee blossom time in the tropics is more wonderful than cherry blossom time in Japan. A coffee tree in full bloom.

Getting two crops at once. Picking coffee on a Costa Rican *finca* with banana plants for shade (above). A *beneficio* where the coffee is dried and sorted.

three brothers of Keith, each of whom, curiously enough, died at the age of twenty-seven, and all from pernicious fevers.

In the end it was the Jamaica negro who did the work. He alone proved able to care for himself in the climate.

In the meantime Keith, although the railroad job seemingly was quite big enough for any one man, had been branching out. As early as 1873 he opened a general store at Bluefields in Nicaragua and gradually added a chain of stores along the coast and extending as far north as Belize. He owned two vessels and bought rubber, sarsaparilla, vanilla beans and tortoise shell. He sold everything. He traded in competition with the Orientals and he traded against the odds of revolution. And always he held his ground. Nearly every soldier of fortune that ever infested the Caribbean has at some time or other worked for him. But no matter whom he employed, he managed to get the notion of squareness into them—at least for the time being.

The clearing of the jungle behind Limón for the planting of bananas and the extensive shipping which was growing made it imperative to have the port at least moderately healthy. He induced the government to issue £2,000,000 Sanitary Bonds—all of which he took. He built a sea wall, filled in the swamps, put in sewage, a water supply and made the place not only fairly comfortable but also healthy. This is the first instance of sanitation in the tropics and it was done before people knew that the mosquito carries yellow fever.

In everything except name Keith assumed the external finance of Costa Rica. In 1895 the government defaulted on

the consolidated loan of 1885. In 1897 in London he made a new arrangement with the Council of Foreign Bondholders gaining some additional money. In 1901 another default came and this continued until 1911 when Keith made a new arrangement in which John M. Keith handled the interests of both the bondholders and the government and to Minor Keith both sides gave the power to collect the customs duties in the case of default.

But an even more remarkable exhibition of confidence had come a few years before—in 1898. Keith had drawn, in the course of his banana business, 90 day drafts upon a firm of New York bankers amounting in all to a million and a half dollars. The bankers failed and if the paper had not been met Keith would have gone down in the crash. Costa Rica took that as a national matter—and in the long view it was. But there was nothing commercial about what happened. Keith did not ask for aid of any sort. The people rich and poor simply came forward with what they had. The President offered the credit of the republic without bothering to discover if his acts were constitutional; the politicians agreed to do anything and make it constitutional afterwards. No one asked for security. Within a week he started to New York with funds to take up every dollar of paper as it was presented. He had stood by the state and built the railroad against all odds. He had made thousands of people prosperous. He had married on October 31, 1883, a child of Costa Rica, Cristina, the daughter of José Maria Castro, one of the early Presidents of the Republic. Although an American, he was a Costa Rican institution.

This failure had an important aftermath. Keith had immediately to make new arrangements for the sale of his bananas in the United States. The largest available organization was the Boston Fruit Company managed by Andrew W. Preston, which had been shipping fruit from Jamaica, Cuba and Santo Domingo to New York. The Preston properties and the Keith properties in Costa Rica, Panama, Colombia, Honduras and Nicaragua would together make an economic unit. The result was the formation of the United Fruit Company—the largest enterprise in the tropics. This will later be more fully developed. The consolidation enabled Keith to return all the money that he had borrowed in Costa Rica.

In the year 1900, after the consolidation of his interest with the United Fruit Company, Keith offered to pay five dollars a month to all labourers who had been in his employ since 1872. Over three hundred responded, and this pension has since been paid regularly by him. There are only seven left of the old-timers.

With his fruit interests under capable management, Keith turned to railways again. He had at some time during the years envisaged a through rail route from the United States to the Isthmus with a possible connection beyond into South America.

The Guatemala railroads first took his attention, for they were in a bad way. Guatemala City was connected by rail with San José (de Guatemala) on the Pacific and had some other lines, built by English capital, on the Pacific slopes. But the state had defaulted on its bonds and had no credit.

The important line from Puerto Barrios on the Caribbean had stopped at El Rancho and no money could be found for the great climb up the mountains to the capital.

In 1900 Keith went over the situation. He saw that the Caribbean road could be made to pay if only it had more freight. Therefore he arranged with the United Fruit Company, to start plantations along the line. Then he took Sir William Van Horne, the builder of the Canadian Pacific and of the Cuban railways, to the scene, and subsequently General Thomas Hubbard of the Guatemala Central Railway. Finally they proposed that the Government sell to them the railroad and that they complete the line from Zacapa on. On that basis an agreement was reached. They incorporated the Guatemala Railroad Company in the United States. General Hubbard of the International Banking Corporation joined them. Then on their personal credit they not only finished the line but rebuilt most of the old construction. At one time they had eight million dollars cash invested. They took $10,000,000 in preferred stock as full payment. Then they issued £1,000,000 in bonds to purchase the Guatemala Central Railway controlled by General Hubbard. This they consolidated with the Guatemala Railway.

That was the start. In 1912 came the first step toward the realization of the dream of a great railroad system with the incorporation of the International Railways of Central America. This Keith financed in London by the issue of £1,000,000 five percent bonds. This company took over all of the railroads in Guatemala by purchase and also the Salvador railway which then extended from La Union on the

The great constructive presidents of the old era. General Tomás Guardia of Costa Rica (left). General Justo Rufino Barrios of Guatemala.

The metropolis of Central America—Guatemala City.

Gulf of Fonseca to San Miguel. By 1922 the new company had completed the road all the way to San Salvador, the capital.

The next step was to connect these roads so that Salvador might have the advantage of shipping through Puerto Barrios instead of being compelled to depend upon the infrequent ship services of the Pacific. The I. R. C. A. built from Zacapa in Guatemala to the frontier of Salvador, completed the line from San Salvador to Texistepeque and from Santa Ana to Ahuachapan and thus the first international system is practically completed at the time of writing and will be actually completed by the time of publication.

The construction of part of this railroad has been heavy, slow, expensive work and the company has been handicapped at all times by inefficient as well as insufficient labour. In order to keep down operating costs, no steep grades have been permitted. This has added dozens of tunnels and a great amount of cutting—as well as lengthened the route. At one point the road winds back and forth for thirteen miles in order to make a net distance of less than two miles with a climb of about sixteen hundred feet.

To construct the full system to the Canal Zone is purely a question of money and it is the achievement which lies nearest to Mr. Keith's heart. Several routes are possible. One was surveyed by United States Army engineers some thirty years ago. It follows the foothills of the West Coast through Guatemala and Salvador, around the Gulf of Fonseca in Honduras, through Nicaragua between Lake Nicaragua and the Pacific and thence down through Costa Rica to Panama. There are some alternate routes but all the plans make use

of present railroads and none of them requires the building of more than five hundred miles of new road, none of which would be as difficult construction as the lines which have already been built—and to-day the builders have the advantage of modern methods. The building of railroads in the tropics is no longer on the guessing basis.

In the course of the Salvador negotiations, Keith ran into the finances of that republic. It had an English debt which was in default, it owed a large internal debt and was two years back in its payments to state officers. It owed the International Railways $1,000,000 in subsidies. It was, as far as a state can get that way, bankrupt. Yet it had resources in plenty.

For some months Keith tried to float bonds in London—for New York would not touch the loan. He could do nothing. Then he pledged the notes of the International Railways and obtained £1,000,000—in London. At the same time he refunded the entire external English debt with the Committee of Foreign Bondholders under an arrangement which is described in Chapter XV. Since that time Salvador has had no financial difficulties.

These are only a part of the Keith activities in Latin-America. He has many other interests. He has coffee plantations and cattle ranches, meat packing plants in Colombia and Paraguay, and has from time to time tried out mining. His personal interests are large and important. But they dwindle in size and importance when compared with the work that he has done and is doing in the creation of wealth in these countries.

He is to be considered more as a creator of wealth than

as an accumulator of it. With him, as with all truly great pioneers, the money he earns is an incident to the work that he does.

With him begins the story of solid progress toward prosperity.

CHAPTER IX

EXIT THE SOLDIER OF FORTUNE

IN the days before our Civil War the Americans who drifted into the Caribbean countries were fighters who harked back in a fashion to the days of Drake and the buccaneers. Their leader, William Walker, was not a professional soldier but many of his followers were. They were men who had seen service in the border wars, in the Texas campaigns and some of them had also fought in foreign wars. They were real soldiers of fortune. But, at heart, most of the Americans had schemes for conquering in the name of the United States. They were not mere mercenary fighters. They wanted adventure more than they wanted money.

Walker and his comrades, although they had all sorts of fantastic plans for amassing great riches, never let anything remotely commercial interfere with their designs for conquest. The greater part of his men were Southerners and they made rendezvous at San Francisco and New Orleans. The Civil War later took its toll of those whom tropical fever had not already racked. Forty of the survivors, as was told in the preceding chapter, joined Keith in Costa Rica.

They were followed by a new and very different race of men. A few of them still survive, white-haired and wiry, in the capitals of the Caribbean. These are the men that

Richard Harding Davis wrote about and O. Henry lived with on the coast of Honduras.

These newer soldiers of fortune were railway men or became railway men. The building and running of the railways was a white man's job. The more educated Central Americans would have nothing to do with manual labour. They could not be induced even to superintend construction gangs nor trained to run locomotives, nor to work in the repair shops nor do the thousand and one things about a railroad that require a degree of intelligence but also soil the hands. At a later date many of the Latin-Americans attended technical schools in the United States and became civil engineers but in the early days the few families who had the money to send their children abroad invariably sent them to Spain or to France. They came back as doctors or lawyers with an infinite disdain for labour and a passion for office holding. The *peons* or *mozos* seldom had the intelligence to rise above the rank of labourer.

It became noised about in the United States that any railway man who wanted a job in the Caribbean countries could get it without any questions being asked. To these countries went the men who did not care to answer questions—together with a sprinkling of others of our citizens who remembered in the nick of time that Honduras had no extradition laws. In the main these men were outcasts who could not go home—engineers who had run past switches or had taken just one drink too many before getting into the cab, accountants who had failed to account, husbands who had accumulated more than the usual number of wives and been caught at it. For the most they led drab and sordid lives and quickly

or slowly, but always surely, drank themselves to death.

Some of them were sound men of ability who had slipped just once or who had been unfortunate. But the rank and file were misfits who would have been on the Bowery had not fate taken them to the beach. They became adventurers by chance rather than by design. Sometimes they were caught up in revolutions although quite rarely as fighting men. Whoever captured the railway had also to capture engineers to run the trains. Theirs was not a life of high adventure. Few of them undertook anything in the way of adventure that they could avoid. They were not good employees in the usual sense, for they would not stay put and it was quite out of the question to expect any work so long as anyone had any money. And yet these are the men who lived and worked in the jungles where the natives refused to go. They built the railroads of Central and South America against odds that baffled the technical engineers. The Guayaquil and Quito Railway climbing from the most unhealthful port in the world to the heights of the Andes was the work of such beachcombers. To have served on the G. & Q. is still in the way of a diploma.

The engineer in the cab on any railroad in Central America will be an American and somehow the tropics do not change him. He will be wearing blue American overalls and a vest. A stalwart chain will hold the regulation heavy nickel or silver railroad watch. He makes no concessions at all to climate. Instead of a sun hat he will have an engineer's cap. Set him down in the freight yards at Kansas City and he will not be distinguishable from his fellows. He learns enough Spanish to buy a drink and to make himself under-

stood while cursing. He passes from one railroad to the next whenever the call comes to move along. I met one freight conductor who had been thirty-five years in the tropics—starting on the G. & Q. He had worked on practically every railroad from Chile to Mexico but he remained a stranger in a strange land. He was himself and a law unto himself. He had never been five miles from a railroad track except on shipboard—and never intended to be. He did not know and did not care who was president of the country he happened to be in or what party was in power. He knew no place that was not a station on a railroad on which he had worked and did not want to know any others. He knew enough Spanish—all more or less of his own invention—to give a few orders. The railroads are run in English and so he had not found it necessary to learn to read Spanish, for of course he did not in the least care what was in the Spanish newspapers. He was and is typical of those men who have been fantastically described as soldiers of fortune but who are really just wanderers. If their luck changes they may be beachcombers. They are all past middle age and they are dying off. There is not much place for them in the new style of American enterprise.

They are being supplanted by an entirely modern soldier of fortune. He is not a railway man but an automobile mechanic and driver. Everywhere through the tropics since the Great War have drifted the young men who could not settle down after the Armistice. They learned that wherever there was an American automobile there was a potential job for an American mechanic.

Among the by-products of the automobile are these world

wandering automobile mechanics. They are everywhere. They man a truck and passenger line across Honduras driving trucks through the mountains and valleys often on roads compared with which the worst war roads would have seemed like boulevards. Now and again their trucks topple off the narrow ledges and plunge into the depths, but somehow they do not get killed. They seem either to jump in time or in some marvellous way to get through with a broken arm or leg. When they tire of the job they move on. I met two of them on a launch travelling from La Union in Salvador across the Gulf of Fonseca to San Lorenzo in Honduras. They had been in jail in Salvador for a week because of some irregularity in their passports and they had only a dollar or two between them—they had paid a man to get them into the country without passport formality and he had taken their money and double-crossed them. Their only baggage was a file of American magazines and a precious Turkish phrase-book. They knew a little Spanish which they had picked up in Texas. But they went cheerily on their way confident they could get a job as soon as their money was wholly gone.

There were never very many of the story book soldiers of fortune who passed from revolution to revolution. The last of them was General Lee Christmas. He was a railway man from Louisiana. When twenty-eight years old, he fell asleep at the throttle and crashed his train. That ended his career in the States. He is said to have worked for a while on the Mexican railroads, but eventually he turned up in Honduras. There he and his engine were captured by the revolutionists and he was ordered to run the train for them. He did more

than that. He fitted up a flat car as a mobile fort and captured all the engines on the line! That made him a general—one does not much bother about the intermediate ranks in these armies. Also he became superintendent of the road. He organized what he called his machine gun regiment—which was a machine gun and Guy Maloney, a friend of his from the New Orleans police. That made him a force to reckon with. Maloney is still in Honduras and at last reports was organizing a constabulary. Christmas was sometimes fighting in Honduras and again in Salvador, Guatemala or Nicaragua. He was bodyguard and chief of staff to half a dozen presidents. He was wounded many times and reported killed so often that the newspapers had a way of announcing his death as "Lee Christmas Killed Again." He had four wives. In the end the fever and not a bullet took him.

Of quite another class are the present day engineers and planters. There are in Costa Rica and to a lesser extent in Guatemala and Nicaragua entirely reputable United States citizens who have gone into coffee growing usually as an offshoot or as a result of some unfortunate banking or similar transaction which left them more or less involuntarily in business in the country. Others like the late John M. Keith of San José de Costa Rica grew up caring for the interests of his uncle and found that his business was really in Costa Rica. There he married, raised his family and became a leading resident of the country.

The day of the swashbuckling soldier of fortune has passed —if indeed he ever had a day—and the day of the beachcomber type is drawing to a close. The growth of stabilized commerce has brought about these changes and that growth

was due entirely to the organization of the banana trade with its consequent mobilization of transport. This involved the entire Caribbean and became a stabilizing factor of great moment only after the forming of a great American company. For, as will later appear, the banana trade is nothing of itself. It is a result of organization and the outstanding example of how international consequences and benefits can follow in the wake of far-sighted corporate management. The full meaning of the lessons has scarcely been grasped. International thought moves slowly and this banana trade is something new in the world.

While the banana business was developing in Costa Rica and in the present Panama, men were getting into the trade in a small way in other parts of the Caribbean. In 1870, Captain Lorenzo D. Baker on a return voyage from up the Orinoco River stopped at Port Morant, Jamaica, and took on a cargo of bamboo and some bunches of yellow bananas. He made Jersey City in eleven days and sold the bananas at so high a price that in the next year in his same schooner the "Telegraph" he took on a full cargo of cocoanuts and bananas at Port Antonio, Jamaica, and landed them in Boston in good condition.

That gave him the thought of operating a fleet of schooners to carry bananas regularly between Jamaica and Boston —taking general merchandise out and bringing bananas back. In three years he was broke, but in another year he was back in the trade again, firm in the conviction that it held a profit. That he made a profit is doubtful, for a cargo of bananas loaded at Jamaica for passage to New York or Boston was only a bet against wind and weather. In the first place it

was not easy to accumulate a cargo and although of course it was known that the bunches had to be cut green and allowed to ripen on the voyage, no one knew the exact stage of growth at which to cut the stems and there was no adequate inspection to cull out the fruit that would certainly spoil on the voyage and ruin many other stems. The growing of bananas was haphazard, for bananas had always grown themselves. The idea that they could be cultivated as a crop and the fruit produced to a fairly uniform size was quite unknown. The average voyage to Boston was about seventeen days, but sometimes it was very much longer. After a long voyage the fruit would arrive too ripe to be sold, or again, due to improper packing or selection, the whole cargo might turn out worthless. Bananas could not be transported in winter because it was too cold nor in summer because it was too hot and this narrowed the possibilities of the trade down to the few months of spring and early summer.

With such a short season and with the element of luck predominating in the shipments, nothing even approaching a stable market could be maintained. If a Baker ship happened to arrive in New York at the same time as a Keith ship from Central America then neither cargo brought its freight. The market itself was very narrow and, although some of the New York fruit went by rail to Boston, that was a hazardous trip and in general the market was the port where the fruit landed. Baker, because he was a skilled shipmaster, got fair outbound cargoes as well as found employment for his vessels when they were not in the banana trade, and thus he managed to keep going. He built up an organization in Jamaica to load vessels other than his own, particu-

larly the steamships of the Atlas line for which he was the agent. The sugar industry of Jamaica had been in a bad way for some years and the opening by Captain Baker of what amounted to a commission house for the handling of bananas and the providing of a certain amount of transportation proved to be the salvation of many Jamaica sugar planters. They got little enough for their bananas but they had been getting nothing at all for their sugar.

The fruit that Captain Baker shipped to Boston was sold by Seaverns & Company, a commission house. With this house was Andrew W. Preston, a merchant and financier, who gained the belief which later developed into a conviction that there was a great American market for bananas. He was to become the great pioneer in the development of the American market for bananas—without which there would have been no reason for the extended tropical development of later years. Keith was the pioneer in the planting of bananas in Central America and he acquired the best lands. But his first thought was and always has been railroads and he thought of the banana as giving freight for his roads. It was Preston who conceived of banana growing and marketing as a great industry—as a chain from the field to the consumer. And it was he who was later to organize and finance that industry.

Mr. Preston, Captain Baker and his partner, Captain Jesse H. Freeman, joined to put the business on a more substantial footing. They invited seven other men to join with them in organizing the Boston Fruit Company which started business in 1885. Each of the men put up two thousand dollars and agreed for a period of five years to turn back into the

business all of its earnings. These ten men are noteworthy. They were pioneers. This is the roll: Lorenzo Dow Baker, Lamont G. Burnham, John F. Crocker, Edric Eldridge, Jesse H. Freeman, Major Thomas B. Griffith, Thomas Mandell Hart, Isaac N. Keith, Edward D. Mandell and Andrew W. Preston.

These men needed courage. Their agreement to turn back the profits was interesting but unimportant. There were no profits. Within two years they had lost all of their capital and within five years had subscribed one hundred thousand dollars more. They would not have survived had it not been for Preston's confidence in the enterprise and the confidence which the Boston banks had in him. The company—it actually remained a partnership for five years—used Baker's ships for a time, fitting them with auxiliary engines, and took other ships under charter. In 1888 they bought their first steamship "The Marmion" for sixty-five thousand dollars. She had a capacity of twenty-thousand stems and for the first time it began to be possible for Mr. Preston to build his markets with some idea of how much fruit he would have to sell. The company quickly followed with other small steamships, each with a capacity of about thirty thousand stems, operating them on long term charters. These vessels ran not only to Boston but also to New York, Philadelphia and Baltimore.

With this larger capacity the company inevitably ran into the prime difficulty of the banana trade—outside of and in addition to all the troubles of transportation and distribution. That difficulty was supply. In a good year Jamaica could supply several times as much fruit as the company

could handle. In any one week or month it might have more fruit of prime shipping quality than the steamers could load, for the planters had not yet learned to bring on their crops in rotation. But at another time there might not be enough proper fruit to load a single vessel. A banana ship cannot take long in loading else the fruit first put aboard will not arrive in salable condition. All banana lands are in the hurricane zone. It does not take much of a blow to overturn a banana tree loaded with a big stem of mature fruit and a moderate hurricane would blow down the plantations of a whole district and bruise the fruit so that it could not be shipped. Mr. Preston soon saw that it was not safe to let the company's already heavy investment depend on loading from only a single district.

He had the business approach to agriculture and, as he gained experience, he began to cast around for localities other than Jamaica in order to have diversified supplies. The land had to be cheap, labour had to be available and transportation by water fairly easy. The company did not as yet have any great scientific knowledge as to the best land for banana growing nor how best to grow bananas. It worked by rule of thumb. At Banes in the Oriente Province of Cuba on beautiful Banes Bay, the company bought a large tract of what seemed to be good banana land and also it took over a considerable acreage in Santo Domingo. Soon it had three producing regions from which to draw supplies.

Bananas were booming. It did not take much capital to take a flyer in the business. Any speculator might charter a ship, pick up a load of bananas for very little at a Caribbean port—for the native planters were always in need of ready

cash and if they had their bananas cut and on the coast it was usually a question with them of taking what was offered or taking nothing. If the speculator had a lucky voyage and arrived in a port short on bananas, he made a good turn. If, on the contrary, the bananas had been too ripe when delivered or he struck a market that did not need fruit, he might have to dump his cargo overboard. But the gamble was attractive and the records show that prior to 1899 one hundred and fourteen banana concerns organized and went into business. Of these only twenty-two survived and out of the twenty-two only four were of any size. The leaders were the Boston Fruit Company and the concerns fathered by Minor C. Keith.

All of this, however, was going on outside of and in fact without the knowledge of the political rulers of the Caribbean who, except in Costa Rica, were engaged in holding or capturing the reins of government.

In Costa Rica the people were too busy to bother much with politics and they continued to refuse to fight at the behest of everyone who asked them. It is not that the people became pacifists or anything of that sort but merely that they would have nothing to do with fighting for the sake of fighting. Tomás Guardia thought more of railroads than he did of armies. He began another railroad from San José to the Pacific port of Puntarenas and although neither road was completed at the time of his death, both served to take up any slack of employment and its consequent restlessness. Guardia maintained just enough of an army to nip any possible revolution in the bud. And shortly the habit of revolution was so dead that it could not be revived.

When Guardia died in 1882 he was succeeded by his general, Próspero Fernández, and when Fernández died in 1885 his son-in-law, Bernardo Soto, took over the rule as first designate and later had himself elected president. But he could not name his successor without the danger of disorder and therefore he did what had never before been done in Central America—permitted a real election. That brought José Joaquín Rodríguez into office; there were threats of revolution but the small land owners met in many sections and declared their intention of marching on the capital if the verdict of the polls were not upheld. That finished the fighting talk. Rodríguez practically appointed Rafael Yglesias as his successor and he was re-elected, but in 1902 turned over the office to Ascensión Esquivel who is the father of the present peace and prosperity of the country.

He made the constitution a fact, gave liberty to the press and insisted upon an honest judiciary. Since then, with one exception, the elections have been free and open and although politics has always been in the hands of a small group and the candidates selected from an inner circle in San José, the presidents have been reasonably the choice of the people and have been notably able men. Cleto González Víquez followed Esquivel and after him came Ricardo Jiménez, the best lawyer in the country, and the kinsman of a former president. So well was his rule liked that he was called from private life again in 1924 to the presidency.

Costa Rica for years had the distinction of being the only country in Central America where an ex-president could live. The old custom in Central America was for a president never to leave office except when beaten and then the question was

Tegucigalpa can be reached in good weather by motor, but in bad weather only by mule or airplane or not at all. The main street (above). The presidential palace.

The Magdalena River is the highway into Colombia. The coffee boats (above). The leisurely river steamers.

always whether he would reach the frontier ahead of the newest crop of politicians humourlessly intent on standing the executive up against a wall. That day has everywhere passed.

The other countries maintained themselves in a state of continuous revolution or passed under the control of military despotisms which, although they did not prevent revolutions, managed to keep themselves in office. The strongest of these despots was Manuel Estrada Cabrera who took control of Guatemala in 1898 and held it until 1920 establishing a record for service in Central America. He succeeded to a bad situation left by his predecessor, José María Reyna Barrios, who was a nephew of the great president and was murdered while in office. He met that situation and pacified the country, at the same time doing something to put the finances in better condition, for they had been considerably upset by Barrios. But then he began to develop a rule of his own which cannot be paralleled in modern times. That will be taken up in a later chapter.

The greatest cause of disturbance on the Isthmus was José Santos Zelaya who began as a Liberal from Managua taking the presidency of Nicaragua as the result of a revolution in 1893. By playing off León against Granada or vice versa, as the case might require, he managed to rule the state for sixteen years keeping not only Nicaragua but most of the other states in constant war and revolution. He, like Cabrera, was a man of marked ability; he did a great deal for his country and then undid most of his good works in a mad struggle to gain more power. He extended the railroad that had been building through the level country up from the port of Corinto, he rebuilt Managua and did a deal through subsidies

and other favours, to start further coffee growing. He had some interest in education and sent many promising pupils abroad to study.

On the other hand he treated the state property as though it were his own and granted all sorts of monopolies and special concessions. He took private property at will and he had no thought of personal liberty. Life and property were at his mercy. He hated the United States and taught the people likewise to hate. He used this fear and hatred of the United States to cover up many of his more infamous confiscations and murders. Washington did not aid but at the same time did not oppose the revolution which finally deposed him—for he had not only wrecked the state's finances but was involving all the states in trouble and also paving the way for European intervention. That phase of Nicaragua will be dealt with later, for the effects of the Zelaya rule are still felt.

Zelaya's first trouble came on the Caribbean when he sought to take over the Mosquito Coast. It will be remembered that the British had formally abandoned their protectorate over the odd little kingdom they had established and made Greytown a free port. The foreigners on the coast had nothing in common with the Nicaraguans and they resisted every attempt of the Managua rulers to enforce laws or collect taxes. None of the presidents until Zelaya could spare the time from their own affairs to effect a real settlement—which had to be backed by force of arms. Zelaya was not so hampered; shortly after he became president he began a war with Honduras and took that chance to send an army into Greytown. Great Britain refused to interfere and the

coast became an integral part of the state as the Department of Zelaya. It was on this coast that the revolution began which eventually cost him his office.

He was continuously involved in the affairs of Honduras—which has always been a buffer state. If the president of Honduras suited Guatemala he was sure not to suit Nicaragua and that state backed a revolution against him. Or it might be the other way about. In 1894 Zelaya not only settled the Mosquito Coast but removed the Hondurian president and had an election for his friend Policarpo Bonilla. He turned over his office at the end of the term to Terencio Sierra who was thrown out by Manuel Bonilla in 1903 when he too attempted to choose a successor.

Four years later, Bonilla quarrelled with Zelaya who promptly sent an army to back the current revolutionist, who happened to be Miguel Dávila. Salvador, fearing the power of Nicaragua, sent an army to help Bonilla but the revolutionists won. Then Zelaya announced that he would attack Salvador. Thereupon Salvador, in conjunction with Guatemala, prepared to back another revolution in Honduras. A free-for-all Central American war was in the making. That brought on the Washington Conference in an attempt to achieve some order in these troubled countries.

A very few years before this the actions of a dictator—no matter where or how he interfered—would hardly have mattered. For many years Carrera of Guatemala had indirectly ruled much of Central America. Except in Costa Rica, no president could long stay in office without his consent. Zelaya never had the power of Carrera. But he had lasted into a new and different era. The growing trade was begin-

ning to give more of the people stakes in their countries and they were less willing than before to be drawn into war at the behest of some general who had all to gain and little to lose by war. They were getting around to the point where many of them had something to lose and little to gain by war. And it was the growing trade with the United States that gave them stakes which were worth keeping. They began to know that there was a life with something other than footless fighting. That is the significance of the awakening to a sense of economic responsibility. They were not fully awake but they began to rub their eyes.

Barranquilla, Colombia, the city of confusion. The custom-house (above). The river bank on market day.

A ranch house in the highlands of Colombia. Only horses and mules can travel these regions.

CHAPTER X

THREE GREAT EVENTS

THE interests of the Central American states and of the United States have inevitably been bound in a peculiarly close fashion that has withstood all attempts to cause actual estrangements. The European powers have rather consistently played upon the emotions of the Latin-Americans to make them believe that the United States desires to take their territory. Dictators such as Zelaya made tweaking Uncle Sam's nose a stock in trade and everywhere in these republics and from time out of mind the Colossus of the North has been a convenient bogey-man. Politicians have lived on this just as the politicians of the United States have lived on rattling the bones of what they called "Big Biz." It is not necessary to have any facts when presenting a bogey-man. Indeed if any facts are around, there can be no bogey-man. The charm of a ghost story lies in the absence of reality.

But in spite of the best efforts to the contrary, the actual relations between the United States and the Caribbean republics have steadily become with the years more and more intimate. The reason for this is to be found not in oratorical and quite meaningless interchanges of good will speeches or in any other emotional contacts. The real reason for the increased intimacy is that the great country to the north and

the smaller countries to the south are bound by economic ties of such strength that they can resist any political pressure. To-day the mere refusal of Washington to recognize any Central American government is enough to cause the downfall of that government without any pressure whatsoever being exerted.

Twenty-five or thirty years ago it did not in the least matter whether Washington accepted or refused to accept a dictator or a would-be dictator. The coffee trade was largely with Europe and most of the imports originated in Europe. The people were thoroughly accustomed to living on nothing a year and what the outside world was doing or thinking did not much matter. Now the whole economic scene has shifted by reason of three events in the first decade of the present century. The formal date of one of these events was actually in the closing year of the last century but it may be grouped with the others as belonging to the twentieth century. Two of these events were purely economic, while the third, although ostensibly political, was in its influence economic.

The first two, taking them in the order of their beginnings, were the formation of the United Fruit Company and the building of the Panama Canal. (The Canal opened for navigation on August 15, 1914.) The third was the Washington Conference of 1907. Each of these events has been actually of more importance than the enunciation of the Monroe Doctrine. That doctrine was really designed to protect the new and weak United States from being encircled by a ring of foreign powers. These three events are on quite different footings and their implications have been singularly misunderstood.

The United Fruit Company has bound the two regions by making them interdependent. The banana has become an essential food supply of the United States. The raising of the banana has become an essential industry in all but one of the Central American states. The provision of frequent and regular transportation between the Caribbean ports and the Atlantic seaboard in order to keep a steady flow of bananas northward has put the United States in the most favourable position to supply the Central American states with the goods which they must import—for otherwise the banana ships would have to make their voyages to the southward in ballast. Thus the regions have become complementary and in addition this trade—in the manner in which it is conducted—has added tremendously to the wealth of the southern countries. It added more than the dollars and cents figures indicate, for the addition has come at what might be called the point of marginal wealth. This will later be developed.

The building of the Panama Canal, although unfortunately it had to be accompanied by some considerable political friction, has opened the Pacific Coast of Central America to convenient transportation connections with the whole United States east of the Rocky Mountains where before such transport had to make the voyage around the Cape or take the shorter but more expensive routes by rail across the United States or likewise by rail across the Isthmus of Panama and thence take ship. That of course is only a part of the effect of the Panama Canal, but it is the part with which we are here concerned. The military and naval aspects are of high importance but not in this connection.

The third event—the Washington Conference of 1907—started a most ambitious program most of which has fallen quite flat but that conference did effect one great and desperately needed change in politics. The curse of Central America is revolution. A certain number of revolutions originated within the countries themselves but other revolutions were aided and abetted by meddlesome dictators in other states. This meddling also served to bring on wars between states. The Washington Conference has ended the possibility of war between states and also it has prevented the giving of at least open aid by one state to the revolutionary party in another state. These are great accomplishments and not to be minimized because they have not served entirely to prevent revolutions.

The forming of the United Fruit Company meant a great deal more than the mere joining of the largest companies then engaged in the banana trade. Some day it will be recognized as one of the great civilizing forces of the century and entitled to stand apart from the other great, historic companies such as the East India Company and Hudson Bay Company. Those companies did only a simple buying and selling business—in spite of the pomp and circumstance that surrounded their efforts. They did not have to maintain a steady supply of a single commodity. They picked up abroad what they thought could be sold at home and maintained their markets by the exercise of a statutory monopoly. They seemed larger than they actually were because they made such a fuss about doing business. The United Fruit Company, although chartered at a time when the world knew very little about corporations and when the trust method of join-

ing producing units obtained the highest favour as an ingenious method of achieving monopoly and still keeping within the law, was in reality an absolute economic necessity if a real trade in bananas were ever to be established.

As was brought out in a previous chapter, a great number of companies went into the banana trade during the nineties and nearly all of them failed after a season or two. They had to fail because none of them was large enough to diversify their sources of supply sufficiently to avoid the ups and downs that cannot be separated from agricultural production. In the agricultural regions of the temperate zones all crops vary tremendously with the weather. The tropics also have weather vagaries, but banana culture must contend besides with hurricanes and other crop destroying disasters. This led Mr. Preston and his Boston Fruit Company to open new sources in addition to Jamaica and led Mr. Keith to go into Nicaragua, Panama and Colombia in addition to Costa Rica. But neither group had the resources to expand sufficiently to obtain an even supply regardless of conditions in any one or two districts. Nor had they the resources to institute proper inquiry into the agriculture of the banana, to establish reserve lands, to give the expert sanitation required before white men could safely live in these sections of the tropics, or to provide for the most efficient handling and selling of the fruit.

The case was one where organization was not merely a method of making more money through the elimination of overlapping activities. It went deeper than that. No single section of the tropics, no matter how many bananas it might grow and no matter how well financed and efficient were its

facilities for gathering and selling, could hope year in and year out to earn a profit.

The actual growing of bananas is only part of the picture. The bananas must be transported and sold and if they are to be actively sold instead of, as in the old days, merely bought—then a large and expensive transport and sales organization has to be erected. If a blowdown came an organization depending on one plantation would have little or nothing to sell. The expense of its maintenance would keep right on and the year would end with a deficit that the next year, even if an exceedingly good one, might hardly do more than cover. If the transport and sales organization were abandoned in a bad year then it could not be rebuilt in time to market for the next good year. So no company operating in a single section could ever hope to get very far ahead. That is why the Boston Fruit Company required so much more money than its founders had expected to provide. That is why the scores of less well financed companies simply passed out. And that is why the capacity of any Caribbean country for producing bananas would be of no particular importance were it not for the far-flung operations which eventually developed out of the United Fruit Company's activities.

To a Guatemalan or a Costa Rican it may appear to be an affair of no moment that through the United Fruit Company the plantations of all sections are linked together. But through that linking the services of transport and sale can be kept continuously occupied regardless of the conditions in any one district. If in any one year Guatemala or any other section loses its crop then it loses for that year—but only for that year, because the bananas from some other district

keep the services occupied. That is the fundamental economic significance of the United Fruit Company. It has made possible the growing of bananas in the Caribbean at a profit.

The United Fruit Company was incorporated on March 30, 1899, under the laws of New Jersey, with an authorized capital of $20,000,000. It was authorized under its charter to acquire, by purchase or development, banana and other properties and to conduct them in the manner provided by law. Under this charter the company bought all the property, business, and shares of the Boston Fruit Company and of its associated companies.

The Boston Fruit Company had formed from time to time for business convenience, seven companies which were either owned outright or largely controlled by the parent company.

The Banes Fruit Company, Dominican Fruit Company, and Sama Fruit Company were owned by the Boston Fruit Company, and were operated solely for the purpose of owning plantations and growing bananas in Cuba and Santo Domingo. They were strictly agricultural organizations. The American Fruit Company, the Buckman Fruit Company, and the Quaker City Fruit Company were organized by the Boston Fruit Company to transport bananas from Cuba, Santo Domingo, and Jamaica to the United States, and to sell them in the northern and northeastern sections of the country. The Boston Fruit Company imported bananas to Boston; the American Fruit Company imported bananas to New York City, the Quaker City Fruit Company to Philadelphia, and the Buckman Fruit Company to Baltimore. The Boston Fruit Company furnished to the American, Quaker City, and

Buckman companies all of the bananas imported and sold by them. They were merely branches.

The United Fruit Company purchased from Minor C. Keith and his associates all of the properties owned by the Tropical Trading and Transport Company, Ltd., the Colombian Land Company, Ltd., and the Snyder Banana Company, all three of which had been under the management and control of Mr. Keith. The Colombian Land Company, Ltd., and the Tropical Trading and Transport Company, Ltd., were corporations whose operations were restricted solely to the cultivation of banana plantations in Colombia and Costa Rica respectively. The Snyder Banana Company owned plantations in Panama and chartered steamers which carried its fruit and other freight from Bocas del Toro to New Orleans and Mobile.

The new company as formed had thirty-eight thousand acres planted to bananas, the principal plantations being in Costa Rica and Colombia each of which had over ten thousand acres in growth. The Cuban lands were already proving unsuitable for bananas and were being put into sugar cane; to-day the company's Cuban interests are wholly in sugar. The three thousand acres which had been planted in Santo Domingo were quickly abandoned as unsuitable while the holdings in Honduras were negligible—about 500 acres. In Jamaica the holdings amounted to some five thousand acres, but on that island, as elsewhere, the company tried to encourage private planters and never attempted to grow its complete requirements. The total shipments did not run over 12 million stems in a year and at the most not more than eighteen thousand people were employed. The company at its

The old and the new transport. An ancient cart road (upper left). A deep cut near the summit of the Cordilleras on the International Railways in Guatemala (upper right). Las Vacas bridge going into Guatemala City on the same railroad.

Floods and slides menace tropical railroading. Scenes on the Costa Rican railways.

formation was only potentially great—and few men outside of Andrew W. Preston had any appreciation of the potentialities.

The mere legal joining of a number of going banana and marketing companies into a single corporation was only the beginning of the new enterprise. There was nothing automatic about its success. The banana trade had not been organized. The units which were joined had each a certain amount of organization. But there was lacking that great coordination without which the larger corporation could not hope for success. That was the task which fell to Mr. Preston, for Mr. Keith did not enter actively into the management. And for this task there were no precedents. Mr. Preston had only his experience with the smaller units. From that experience he had learned much—and particularly he had learned the continued necessity for development money. Therefore at the very outset he secured sound financial backing which had confidence in him. Slowly at first—almost feeling his way—he began to lead. Then he went more rapidly, and the organization of to-day, which will be described in later chapters as it touches the economy of the Caribbean, is the work of Mr. Preston and his successor—Victor M. Cutter. The corporate progress is a story all in itself and stands alone in the whole remarkable progression of American corporations—but it cannot be given in its detail here. We are concerned only with its effects on the tropics.

The idea of a canal through some part of Central America connecting the Atlantic and the Pacific Oceans is as old as white civilization in Latin-America. The two natural routes are across the Isthmus of Panama and the lake route through Nicaragua. President Jackson and Van Buren both took the

building of a canal as a major issue. One of the several duties of Stephens whom President Van Buren sent through Central America (and from whose accounts excerpts at length are given in Chapter V), was to investigate the Nicaraguan route. President Polk in 1846 concluded a treaty with New Granada touching the neutrality of any canal built across the Isthmus and giving mutual guarantees. That treaty later became the subject of a bitter dispute between Colombia (which succeeded New Granada) and the United States. In fact the whole complex diplomatic surroundings of the canal, the erection of the Republic of Panama and the questioning of the good faith of the United States grow out of the interpretation of certain clauses of that treaty.

A canal became a pressing necessity after the voyage of the "Oregon" around the cape in the Spanish War. It was then acutely realized by the United States that means must at once be provided for mobilizing the full strength of the fleet on either coast. President Roosevelt made that his firm policy.

He at first favoured the Nicaragua route but later shifted to the Panama. The shift to the Panama passage was brought about by the action of the New Panama Canal Company. This was a French corporation organized by De Lesseps after his successful building of the Suez Canal. It had done very little work and spent a great deal of money—not all of that money had been spent wisely, to say the least. All construction had quit in 1889 and the company was in liquidation. But it asked over one hundred million dollars for its right and that sum added to the cost of construction made Panama more expensive than Nicaragua. The canal company suddenly re-

duced its price to forty millions and that shifted President Roosevelt to favouring Panama.

The Isthmus belonged to Colombia of which Panama was a province—although at various times it had separated from Colombia and set up as an independent state. In 1899 a revolution began and this was still on in a desultory way when President Roosevelt began negotiations with Colombia in March 1902. The treaty as ratified by the Senate provided for the control by the United States of a strip six miles wide across the Isthmus and the payment of ten million dollars to Colombia together with an annuity of a quarter million.

On August 12, 1903, the Colombia Congress rejected that treaty. On November 3 the people of Panama revolted and declared their independence. On November 11, the United States recognized the new republic and on November 18 concluded a satisfactory canal treaty with it.

The chief actors in this rapid drama were Philippe Bunau-Varilla, a Frenchman who had been engineer for the old company and Dr. Manuel Amador, a Panamanian who became the first president of the republic. Coincident with the revolt, the United States sent warships to both sides of the Isthmus to prevent bloodshed. There is no evidence that the United States had anything at all to do with the revolution and every evidence that it was promoted by the representatives of the French company in order not to lose their opportunity to gain salvage. Nevertheless the revolution was not at all displeasing to President Roosevelt who later wrote in a letter:

"The people of Panama were a unit in desiring the Canal and in wishing to overthrow the rule of Colombia. If they

had not revolted, I should have recommended Congress to take possession of the Isthmus by force of arms; and, as you will see, I had actually written the first draft of my Message to this effect. When they revolted, I promptly used the Navy to prevent the bandits, who had tried to hold us up, from spending months of futile bloodshed in conquering or endeavouring to conquer the Isthmus, to the lasting damage of the Isthmus, to us, and to the world. I did not consult Hay, or Root, or any one else as to what I did, because a council of war does not fight; and I intended to do the job once for all."

Describing the whole occurrence in the "Outlook" in 1911, Colonel Roosevelt said:

"It must be a matter of pride to every honest American, proud of the good name of his country, that the acquisition of the canal and the building of the canal, in all their details, were as free from scandal as the public acts of George Washington and Abraham Lincoln. . . . Every action taken was not merely proper, but was carried out in accordance with the highest, finest, and nicest standards of public and governmental ethics. . . . Not only was the course followed as regards Panama right in every detail and at every point, but there could have been no variation from this course except for the worse. . . . The United States has many honourable chapters in its history, but no more honourable chapter than that which tells of the way in which our right to dig the Panama Canal was secured."

That, very briefly, is the diplomatic background of the Canal. It is given only because it turned Colombia against the United States and this feeling has not wholly died out.

The last great soldier of fortune—General Lee Christmas.

In Guatemala City—the avenue La Reforma (above). Street scene during a religious festival.

President Woodrow Wilson put through a bill granting Colombia a payment of twenty-five million dollars in instalments of five millions a year. The justice of this payment is debatable—but the incident is now closed.

The Washington Conference came shortly after the Canal affair and arose out of the general row which Zelaya was starting and which was described in the previous chapter. It marked the beginning of a new phase of the Monroe Doctrine. President Roosevelt said in 1905:

"We cannot permanently adhere to the Monroe Doctrine unless we succeed in making it evident, in the first place, that we do not intend to treat it in any shape or way as an excuse for aggrandizement on our part at the expense of the Republics to the south of us; second, that we do not intend to permit it to be used by any of these Republics as a shield to protect the Republic from the consequences of its own misdeeds against foreign nations; third, that inasmuch as by this doctrine we prevent other nations from interfering on this side of the water, we shall ourselves in good faith try to help those of our sister republics which need such help, upward toward peace and order."

This policy was quickly to find application in quelling the continued interference of the Central American dictators in the affairs of fellow nations. Salvador aided in a revolution directed against Cabrera, the dictator of Guatemala. That brought on a war in which Honduras joined as the ally of Salvador. President Roosevelt asked President Diaz of Mexico to join him in a settlement and a peace conference was held on board a United States warship with representatives of the United States, Mexico, Costa Rica and Nicaragua at

which an armistice was signed. At a second conference held at San José de Costa Rica a more elaborate program was drawn up. In this second conference President Zelaya refused to join on the ground that the United States had no right to interfere in the internal affairs of Central America. In December came the threat of a general war growing out of Zelaya's interference in Honduras, which was mentioned in the last chapter.

The United States and Mexico brought on a conference at Amapala. The result was a confused mass of treaties concocted with the utmost disingenuousness. Hardly had the ink dried, before Zelaya was actually backing a revolution in Salvador and another general war was in the making. Finally Presidents Roosevelt and Diaz induced the five republics to send delegates to a meeting which convened in Washington on November 14, 1907.

The conference drew up a number of conventions. The most important provided for the setting up of a Central American Court of Justice which would sit permanently as an impartial forum for the deciding of all disputes between states. It was declared that any disturbance of the constitutional organization of any country should be deemed a menace to the peace of all; that Honduras, the usual trouble centre, should remain for ever neutral; and that no country should harbour the revolutionary agents of another. The following three provisions were of particular importance:

"Art. I. The Governments of the High Contracting Parties shall not recognize any other Government which may come into power in any of the five Republics as a consequence of a coup d'état, or of a revolution against a recognized govern-

ment, so long as the freely elected representatives of the people thereof have not constitutionally recognized the country.

"Art. II. No Government of Central America shall in case of civil war intervene in favour of or against the Government of the country where the struggle takes place.

"Art. III. The Governments of Central America, in the first place, are recommended to endeavour to bring about, by the means at their command, a constitutional reform in the sense of prohibiting the re-election of the President of a Republic, where such prohibition does not exist; secondly, to adopt all measures necessary to effect a complete guarantee of the principle of alternation in power."

These provisions, it can be remarked without undue cynicism, were not quite what they seemed to be. Except in Costa Rica there was at that time no known way of getting a political party out of power other than by revolution. In all the republics the forms of elections were most conscientiously complied with but the ruling party both counted the ballots and took the precaution that few opposition ballots ever entered the boxes provided. Therefore these resolutions actually constituted an agreement between the ruling political parties of the five states to support one another in power for ever. The Washington government was not a party to these treaties but considered them informally binding and the United States has consistently refused to recognize any government which gained its position through violence or other unconstitutional means.

A good deal was expected of the court. It was to sit at Cartago in Costa Rica and the judges were to be paid out of the treasury of the court and each state bound itself to pay

a share of these expenses. The thought was to remove the court entirely from national influences.

The convention did not at once bring peace to Central America. There could be no peace so long as Zelaya remained in power. The end of Zelaya will be taken up in Chapter XV. There was a strong disposition on the part of Guatemala and Salvador to get Zelaya out of the way at once. General Lee Christmas, for the time being in the service of Salvador, led an invasion of Honduras in 1908 and quite shortly Guatemala, Salvador, Honduras and Nicaragua were making unofficial war in guerilla fashion.

The Central American court intervened and effected a compromise but in this, the first large case to be brought before it, each judge voted according to the interests of his own nationals. The court did not achieve justice but it did prevent war. The disinterestedness of the court was never demonstrated, for in every case brought before it each judge voted for his own country. It will be recalled that the salaries of the judges were to be paid from contributions to the Court as a whole. But when Nicaragua failed to pay its quota, the judges decided that the misfortune was the Nicaraguans' and not a calamity in which all should share by a pro rata reduction of salary. The Nicaraguan judge withdrew and after that there could be no pretense of the Court being an impartial judicial body. It was merely a clearing house for nationals. In 1917 it ceased to exist. The Court as a court never really functioned but, taken in conjunction with the Washington Conference, it did help to break down the habit of these countries of continually going to war with one another and served to localize revolutions.

This conference opened the way to later conferences to complete or modify, in the light of experience, the conventions touching on the relations among states. Thus there has been evolved a practical working code of relations which is notably without the red tape of such bodies as the League of Nations. The specific erections of the Conference of 1907 were formally abrogated by a "General Treaty of Peace and Amity" concluded at Washington in 1923, but this new treaty only made stronger the 1907 declaration against the recognition of a sovereignty gained by force. The United States is not a party to this treaty but has adopted its principles as a policy in the recognition of Central American governments.

There has been no threat of a general war in Central America since 1908 and while revolutions for the time being did not much abate their frequency, they were much less serious because the parties did not receive open reinforcements from the outside. This served also somewhat to cut down the supply of professional revolutionists. These men, who were only bandits, had been in the habit of joining in any war or revolution which promised an opportunity for loot.

Estrada Cabrera continued to rule Guatemala under an increasingly severe military despotism. He became a fanatic and erected in Guatemala City, a temple of Minerva from which he delivered disquisitions of enormous length. He contracted the spy mania to such an extent that about one-half the population was spying on the other half. Both newspapers and mail went under a strict censorship and no assembly of any kind could be held without special permission. He disregarded all laws guaranteeing the rights to property or to liberty and ruthlessly jailed and as ruthlessly executed

anyone who was reported as in opposition. He maintained this reign of terror until 1920 when he was overthrown by a revolution.

Thus the United States by providing transportation through the building of the Canal, by providing both transportation and trade through a private corporation, and by bringing together the states to provide for further peace and security, set up and set going the machinery of progress.

CHAPTER XI

UNDERSTANDING SOME MISUNDERSTANDINGS

SOME miles back of Santa Marta in the midst of endless banana fields stand the ruins of a great building done somewhat in the manner of a French chateau. Twenty years ago it was a busy manor house and its occupants were the overlords of land going as far as the eye could reach. It had scores of servants and what was said to be the finest wine cellar ever put into Colombia. The banquets of its dining hall have become a tradition. A little feudal state was well along on its way—and then the folks at home quit sending money. That was the end.

Not very far from the ruins—which will soon be a part of the jungle—is a wide clearing opening from a station on a narrow gauge railroad. There are no great houses in the clearing but there are a dozen or more neat and comfortable bungalows facing well kept streets with paved sidewalks. None of them has a wine cellar but all have shower baths with pure, filtered water brought down from the high sierras. And also the little town has a sewer system and tennis courts and a lot of other things that the feudal lords never thought about.

The ruins are the property of a company organized in Paris to grow bananas. The agents came out in state and set to

the building of a house consonant with their dignity before getting around to the business of clearing the jungle and planting bananas. They finished the tropical castle and found it such a delightful place from which to write reports to the stockholders on the boulevards that they left the clearing and the planting to others. And because they were trying to live in the tropics quite as they would at home they found themselves without much energy to see that the work was done. And so it was not done. Finally the shareholders grew tired of having the money flow in only one direction and they stopped the flow.

The village in the clearing is a district office of the United Fruit Company. At seven in the morning the bungalows are empty of men and the offices are full of them. In the late afternoon the offices are empty and the tennis courts are in swing. In the meantime the corps of a very modern farm—agriculturists, engineers, accountants, railway men and traffic men—has been busy with the task of seeing that the quota of bananas assigned for that day has been cut on the plantations, put aboard cars and started to the ship in waiting for them at the sea. The superintendent in charge would know what was going on in every acre of his district—the engineers would be looking at drains or planning new ones, or perhaps they would be clearing the jungle for new plantings. And so it would go through the wide ramifications of a complete business unit managed on the best American lines but with a full knowledge that it was in the tropics. If one should investigate one would discover that this unit, although complete, is only a part of a larger unit converging at the central offices at Santa Marta and that the central

office looks for ultimate control to Boston and that what it does is in direct relation not only to the market in the United States but also in Europe and that it is co-ordinated with more than half a dozen other great plantations scattered through the Caribbean.

The French company represented a species of the older sort of foreign enterprise; it had not thought of developing the country but hoped to live off it. The fruit company represents modern American enterprise which creates as it goes along.

And the odd fact is that the feudatory enterprise is entirely understood while the developing enterprise is not understood at all. It is thought that, although it is different, it must have at least all the bad features of the older sort. The new system of economics that the United States is working out for itself at home is hardly grasped by American economists and not at all by Europeans. It is not to be wondered at that the new system of economics that the United States is taking into foreign work is not understood by any one. And so the work that the large American corporations are doing in the tropics is not in the least comprehended either in the United States or in Latin-America.

The American system is very new. Its whole philosophy is yet to be written. Essentially it rests on refusing to accept the status quo as something ordained by the Almighty. Probably it has its roots in the inability of the United States to accept the conventions of hereditary classes. In all the other countries of the world—no matter what form the government may take—there are well-defined classes. The poor are poor and expect to stay poor or at the most to rise to a point

in the presumedly prosperous middle class. A workman is a workman. A labourer is a labourer. Either would be laughed out of countenance by his fellows if he even hinted that some day he might be a fine gentleman. In that philosophy of existence a man is supposed to have a station in life and to act accordingly.

There is none of this class consciousness in the United States. That is one of the reasons why socialism and communism and the various other theories that aim to make a single class level have never gained a foothold in the United States except among the few foreigners who have brought with them traditions instead of hopes. The average everyday citizen of the United States resents being classified. That means, among other things, that he refuses to live according to any classification or to restrict his purchases to what a man in his position ought to buy. The question with him is never what he ought to buy but how to get the money to buy more.

The desire for goods, it may be remarked, is something that has to be cultivated. In the United States this desire has been cultivated. No one to-day for instance builds a house without a bathroom or central heating. Those are primary necessities like a roof. But in many parts of the world such things are still luxuries. The Economic Man of the classical economists—and they have devoted a lot of attention to this creature—would in the United States be rated as a pauper. For elementary sustenance and shelter do not mean anything. We have found, however, that purchasing power also must be cultivated and that there is no point in nurtur-

ing the desire to buy without also providing means to earn the money with which to buy.

That is the crux of the American system. It differs utterly from all other systems because in them the capacity to buy is taken as static—that there is only so much purchasing power. We have, on the contrary, learned that purchasing power has to be built. The United States has no more—probably not as much—natural wealth as Russia. But there is no comparison between the standards of living in the two countries. Russia could raise almost enough food for the world—and yet it suffers from famine. This is partly due to lack of transportation and partly due to the fact that the country is still in the primitive hand-power stage. A man tilling with only a rude plow and a horse can hardly raise more than enough food for his family and his animals. Likewise a mechanic using only hand tools can hardly do more than earn a bare living—he cannot earn enough to tide him over the periods when he has no work.

The United States has learned that if enough power and machinery be organized, then the production—whether on the farm or in the factory—can steadily be made so great that high wages can be paid. These high wages give purchasing power and increase the demand for the product. The workman may not buy what he makes but he will buy other articles and those in the chain of fabricating and selling the articles may be the purchasers of his products. The automobile is responsible for teaching the United States a principle of economics which was quite unknown a few years ago and which is still unknown outside its borders. The first

automobiles were luxuries and not much more useful than diamond necklaces. In their earlier stages they were not dependable methods of transportation—they were just things to try a ride in. Then at first slowly, but all at once very quickly, came reductions in price led by Henry Ford and made possible by improvements in the design of the machines and their method of making. And now we have arrived at the stage where the lowest price automobiles cost less per pound than beefsteak.

That has been accomplished by tremendous and unremitting improvements in manufacturing. The workman engaged in production is a tender of a machine; the skilled workman has been transferred to the making of tools and the repairing of machines. In order to gain the co-operation of the workers it was found necessary to increase wages. It turned out that the high wages were actually lower in terms of units produced than the former low wages. Then it began to be discovered that these high wages increased purchasing power and thus, step by step, came on the recognized high wage policy of the United States. It is stated in this fashion by Henry Ford in "Today and Tomorrow" (written in collaboration with Samuel Crowther):

"And now take wages. An unemployed man is an out-of-work customer. He cannot buy. An underpaid man is a customer reduced in purchasing power. He cannot buy. Business depression is caused by weakened purchasing power. Purchasing power is weakened by uncertainty or insufficiency of income. The cure of business depression is through purchasing power, and the source of purchasing power is wages.

"This country could not last any time on the purchasing power of those whose income is independent of what they receive from their work. This country is maintained by work. The evidence of work is wages. The effect of wages is the continuity of work. Reduce wages and you reduce work because you reduce the demand upon which work depends.

"Wages is more of a question for business than it is for labour. It is more important to business than it is to labour. Low wages will break business far more quickly than it will labour.

"The old theory, which still persists in business, is that the rate of wages depends on the bargaining power of the worker as against the monopoly power of the employer. Under that theory, both sides lost. Under that theory, labour unions rose and organized war began, with boycott and lockout as the weapons. Nothing more is needed than these results to prove the theory false. Yet it is clung to by old-line management and old-line labour with equal tenacity. They both are wrong.

"It needs to be driven home to men's minds that such a theory represents nothing but the accommodation of their logic to their errors. The theory of wages in the past has been merely a description of the predatory spirit that once actuated money-making. There is no standard wage except that set by the energy, ability, and character of all who are engaged in the business. The basic fact is that the standard wage is what management and industry can make it. Upon managers more than upon political economists rests the responsibility of furnishing data for the new theory of wages."

The putting of this theory into practice has given the

United States a purchasing power per capita that is probably several times as great as that of the citizens of any other country. It has developed the accepted axiom—which is something new in the world—that high wages are not just evidences of a good disposition on the part of the management but go to the very root of the business. The kind of management which cannot pay high wages and still obtain low costs of production is not kept in power—for it will destroy the business by destroying the power of customers to buy.

This in turn knocks out another time-honoured theory to the effect that ownership, not use, is all-important. The chief beneficiaries of any industrial enterprise are the people who work for it, the people to whom it sells and the people from whom it buys. These are linked together by management. If the management is good then the owners of the enterprise—the people who have rented out the capital which makes the project possible—earn a profit. They cannot continue to earn a profit unless all the other factors gain benefits. A failing enterprise is a loss to everyone. Therefore it is management and not ownership which is all important.

The numerous social theories founded on the delusion that ownership and not use controls have all gone on the rocks whenever tested. The Soviet Government fully tried out the experiment of having factories run by the workmen—and had to give it up. They have gone to the other extreme and made the workers serfs of the factories and are in a fair way to defeat their objectives by mistaking the function of the worker as grossly as they did in the beginning. The German and Italian factories which went over to worker owner-

ship after the war never turned out enough goods to earn even the most meagre wages. And it has been conclusively demonstrated in the United States that state ownership and operation confer less benefit on the public than private operation and ownership. When the railroads were taken over as a war measure they turned out under Government management to be an expense to the taxpayers whereas before they were a source of revenue to the state as well as to their shareholders. Released from Federal control they have again become profitable.

It is not to be expected that the governments of the Caribbean would understand the new economic theory as it has come into practice in the United States. Their education has not been along these lines. It would be most surprising if these governments should grasp a theory which the European governments have not grasped. They still hold to the old world thought that monopoly is the foundation of good business and have never learned that high prices shut off trade. Their whole business is in the bargain stage—as it is in the Latin countries of Europe.

It so happens that most of the writing about the Caribbean has been by historians who were not at all concerned with economics (or who tried to translate economics into terms of politics) or by romanticists looking for striking yarns. The background is romantic. The *conquistadores,* the Spanish grandees, the revolutionists, and the soldiers of fortune are figures to play with. And it rounds out the picture to have shrewd Americans taking great concessions and moving governments about like chessmen. Cornelius Vanderbilt did just that. And hundreds of Americans have gained con-

cessions which were monopolies and sometimes gained them by bribery. But not one of these monopoly concessions exists to-day. They did not die of their own iniquity; they died because they did not pay. The promoters always forgot that the goose did not lay golden eggs after it died.

It is high time to discover just what American enterprise is actually doing in the Caribbean and to get away from the attractive fictions. There must be some good reason why the trade of these countries has increased so mightily in late years—why they are both buying and selling more. And particularly why most of this increase is in goods sold to or bought from the United States.

Take the figures in a rough way and compare to-day's with those of twenty-five years ago. The export trade of Costa Rica has increased from around six million dollars to sixteen millions and the imports from five millions to about fourteen millions. About one-half of all this trade is with the United States. The exports of Guatemala have increased from eight million dollars to twenty-nine millions and the imports from less than five million dollars to more than twenty-two millions and most of this trade is with the United States. The largest item of export in both cases is coffee. The coffee crop of Guatemala has increased by about a third, but the Costa Rica crop has nearly stood still until some recent plantings. The largest reason for the big jump in the value of the exports is to be found in the increased price of coffee. The great volume increases have been not in coffee but in bananas. The exports and imports of Honduras each of which stood at around two million dollars have jumped to thirteen millions and ten millions respectively and the largest item of export

Age-old transport. The solid wheel Costa Rican ox-cart (above). The pack train of Colombia.

Age-old transport. The high wheel ox-cart of Guatemala (above). The coffee cart of Costa Rica.

and also the largest increase has been in bananas. Nearly the whole trade is with the United States. Bananas also form about three-quarters of the total exports from Panama which have increased from one to three million dollars. The imports have increased from eight millions to fourteen millions but this is due more to the influence of the Canal Zone than to any other reason. The exports of Nicaragua have increased from three millions to thirteen millions and the imports from three millions to ten millions. The largest item is coffee, but bananas and mahogany come next and these are both American. In Salvador the exports have grown from five million dollars to twenty-five millions and the imports from three millions to sixteen millions. The important item is coffee.

It would seem that the coffee crop is all-important and that its increase is not due to any outside influence. The crop is all-important in the regions where it is raised—that is from three thousand to five thousand feet above sea level. Its price however depends a good deal upon the action of Brazil. The Caribbean countries are all the indirect beneficiaries of the paternal scheme of valorization—it is a toss-up whether they do not get more out of it than Brazil. It is a hazardous crop.

But also it is a low wage crop requiring an abundance of Indian workers. This is not true in Costa Rica but the wage scales there are low. The margin of profit in coffee is not large except when the price is very high and in bad years nearly all the growers will operate at a loss.

The largest ingredient of the price of coffee is waste. This waste is in the financing of the crop, the transport and the selling—not to speak of the waste of hand operations. And

no way has yet been found to get away from hand operation. Therefore, although the dollar value of the coffee is large, the actual benefits to the country are not great, for the coffee workers do not get enough money to give them more than a bare sustenance. That will be brought out later.

But the great reason for the increase in the crops is the opening of the markets of the United States, first, by means of the Panama Canal, serving the Pacific countries, Salvador and Nicaragua (the coffee of Nicaragua mostly goes out by way of the Pacific); and second the provision through the banana trade of regular ship sailings on the Caribbean. A few regular lines have been established on the Pacific but the United Fruit Company has what amounts to an express service to the Caribbean ports. And thus, aside from all other factors, the United States has become the natural market for the Caribbean to trade with, because to that market it has the best transportation. This regular fruit company service is further linked with the interior through the system of the International Railways of Central America, also a company of the United States, operating through Guatemala and Salvador and tapping both the coffee and the banana regions and by the Northern Railway of Costa Rica which is leased and operated by the United Fruit Company. The only railroads in Honduras other than the short stretch belonging to the government, which is operated by a fruit company are the railroads built by the fruit companies. The bulk of the transportation system of Central America rests on the banana, for without it many of the railroads would hardly be able to exist and there could be no regular steamship sailings. Thus in a very large measure the coffee trade depends on the

banana trade. In a way the banana is to Central America what coal is to Great Britain. It provides the shipping and the trade grows out of the shipping.

However, as has been explained, the banana trade as big business depends upon the United Fruit Company because it alone has the far flung sources of supply to maintain a measure of stabilization. Only a great corporation could perform that service—just as it has been found in the United States that only great corporations can command the resources and technical skill to gain the volume of manufacture and sales which will permit low prices and high wages.

In the superficial view of the economics of the Caribbean the banana trade has been dismissed simply as an enterprise by which one great corporation and several small ones take wealth out of the country. There is a singular lack of comprehension of the real economic effect or that this effect could not be realized without far reaching organization. During the Great War many of the ships of the United Fruit Company were diverted to war service and all of these countries had a severe economic slump, for not only the bananas but also the coffee failed to get out in normal quantities.

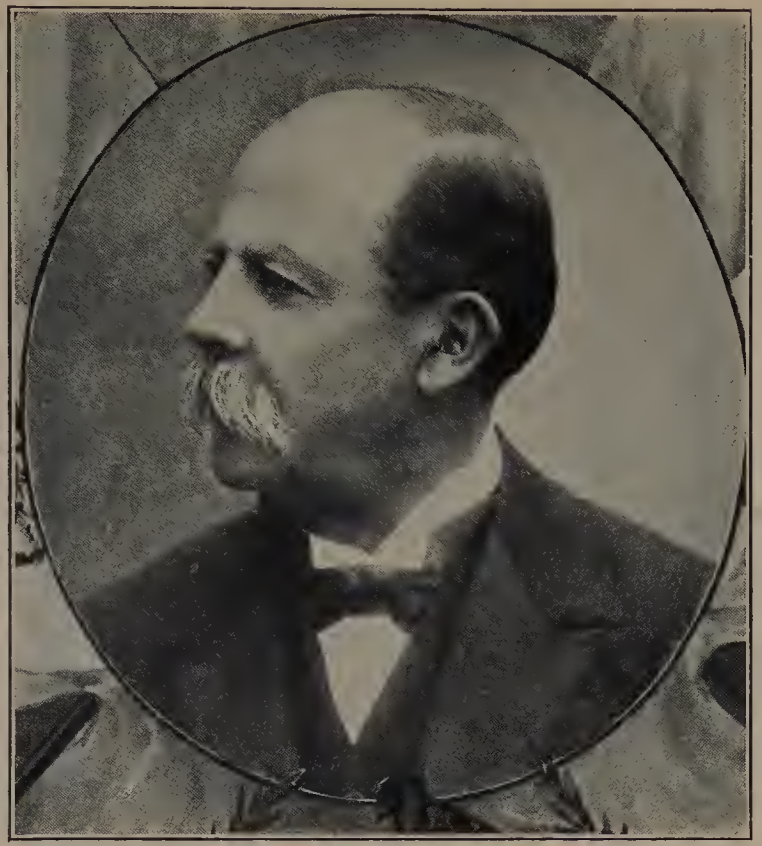
This one company has an investment of around two hundred million dollars in the cycle of business facilities to grow, buy, transport and sell tropical fruit. It carries about sixty thousand passengers a year to the Caribbean and their spending forms an invisible item of revenue for each of the countries, which can hardly be even guessed at but which must run into the millions. It has nearly seventy thousand employees of whom more than fifty thousand are in the Caribbean regions and it annually pays in wages to these men

nearly twenty-five million dollars—of which three-quarters goes to residents. The wages paid to nationals run from three to ten times those paid by domestic enterprises such as coffee, so they represent a much larger per capita buying power than the other wages. And in addition this company buys fruit from growers in the sum of about eight and a half million dollars a year.

This is an economic force to be reckoned with. None of it would be possible without the industrial methods of the United States as applied to the tropics. Here is a picture of the banana trade before its wide organization as given by an old-timer in Honduras:

"Before the banana business was stabilized by the construction of railroads and the planting of large areas necessary to give ample supply of fruit, banana plantings were limited to small areas along the coast and lower reaches of rivers. Fruit was picked up in lighters or dories and delivered to steamers offshore. Under such conditions, from three to four days were required for the loading of cargoes of ten to fifteen thousand stems and, of course, large cargoes were impossible. Now we have cut and shipped from Tela on one steamer nearly 100,000 stems of fruit, the entire operation from the time cutting was first started on farms until the ship was dispatched from wharf requiring only thirty-six to forty hours.

"During this early period of the business, too, shipments were very irregular, fruit being in demand only during the good season from the middle of February to the end of June. Usually, prices during the good season fluctuated from 20c to as much as $1.00 when fruit was very much in demand



The last of the great dictators. Cabrera (left), who ruled Guatemala from 1898 until 1920, and Zelaya, who was absolute in Nicaragua and a trouble centre everywhere from 1893 until 1909.

Costa Rica is a land of small holdings. This is a typical *finca* in the coffee district.

and competition keen. I think it would be fair to say that the average price during the good season never exceeded 40c to 50c and as soon as the good season was over not only were sales irregular but prices invariably dropped to a minimum. Needless to say, there could be no development of industry under such conditions. Development on a large scale was not begun until after the construction of wharves and extensive railroads to tap areas that could not be reached otherwise and which, also, made possible the delivery to the steamer in good condition. Of course, it was impossible to deliver a perishable product like bananas in good condition under the methods of handling and transportation that prevailed before railroads were constructed.

"Under present conditions of the banana business the private planter is assured not only a fair price but also a market throughout the year for all the merchantable fruit he can produce. Obviously such a condition of affairs is much more satisfactory for all concerned and has resulted in progress and development that would not have been thought possible in pre-railroad days."

Set against this sketch of the actual economic growth of the Caribbean and its causes, we have a deal of fanciful stuff concocted out of a lack of knowledge of what has really been happening.

Very few of the untravelled Latin-Americans can envisage absolute honesty—either morally or as a convenience. They take for granted that the officers of all American companies care for themselves out of the company treasury. In short, some Central Americans view foreign enterprise in much the same fashion as some North Americans view municipal gov-

ernment—as an opportunity for whatever graft the traffic will bear. Hence arise most of the tales of American perfidy and bribery. American companies do not bribe. There must be isolated cases here and there but I could not locate any. One can find rumours in plenty. I ran down many of the rumours but found not one which had a foundation. I asked the head of one large corporation, who was reported to have mixed in politics, as to certain specific acts which he was alleged to have committed. He gazed at me sadly and said:

"Do I look like a fool? Don't you know that if I backed a candidate and he were beaten I should have to pay through the nose? And also don't you know that if I backed a candidate and he won I should not only be at his mercy but also at the mercy of the opposition party in the next election? Inside of ten years I should be supporting every politician in the country."

The earlier soldiers of fortune were in politics. That was their job. They were willing to stand or fall on their choice—but they were not in business. They were revolutionaries. They made their living by their wits just as they would in the United States or any other country where they happened to be. Business in a small way can bribe. The Chinese and Syrian merchants find ways of getting their goods through customs at less than the usual duties, but most American concerns are big and, everything else aside, they have not the means of gaining the intimate personal contact which permits effective bribery. However, practically none of the nationals believes this. They freely demand money on the ground that some other fellow has gotten it, and they are resentful when

refused because they believe that they are being discriminated against.

Land titles are a source of unending trouble. Nearly everywhere a squatter may gain a right by proscription in a year. And utterly regardless of how recently he came on the land, he can summon a cloud of witnesses to swear he has been there a year or more. Every American company which has land reserves must be continually scouting for squatters—else they will wake up to discover that they have lost their land. A favourite device is for a group of politicians, after some construction work has been started, to lay claim to a bit of land which the company must have, else entry to its construction will be blocked. These claims are bought without reference to their validity because the first step towards setting up a claim is taking in the local judge on a percentage basis. Similar political practices are, however, not entirely unknown in the United States—and on a scale which leaves the Central Americans aghast.

One of the largest obstacles to foreigners doing business in the Caribbean countries is this multiplicity of lawsuits in which they inevitably find themselves. There are a dozen lawyers for every possible suit just as there are a dozen doctors for every illness. Legal business has to be created—and it is created. Many of the suits have to do with concessions and much of our misconception of the relation of American companies with the governments of these countries arises out of the wrong use of the words concession and exploit. Every American orator denouncing Latin-American policies talks of concession hunters, greedy concessionaires, and exploiters

of backward peoples. It seems to be taken for granted that a concession is something which was had by bribery and that its exploitation is a continued robbery of the people of the country which granted it, and that a concession is always a monopoly. *Concesión* is the Spanish term for a contract made with a government, and I am aware of no concession which does not carry with it as many liabilities as privileges. It corresponds almost exactly to the word "franchise" as it is used in the United States. No one in the United States can go forward with a public utility or other enterprise of a public nature without first being granted a franchise. A concession usually has to do with fixing for a term of years the rate of export tax upon the product which the company proposes to raise and take out of the country. This is an absolutely necessary contract with which we are unfamiliar because we do not have export duties. Before a company can start raising bananas or drilling for oil it must know approximately what taxes it is going to pay, else it will not know whether going into business is worth while. The railroad concessions are on exactly the same basis as those on which we constructed our transcontinental railroads. That is, the government, for each kilometre of railroad constructed, grants to the company a certain number of hectares of adjacent land in, as a rule, alternate squares so that first comes a section of company land, then a section of government land, and so on. This land when granted has no value. The coming of the railroad gives it value. It is usually also provided in railroad contracts that no concession will be given to another railroad company to build within fifteen or twenty miles of either side of the proposed railroad. To this extent the rail-

roads might be called monopolies, but since most of these roads are extremely expensive to build and their profits come only on a long pull, the monopoly feature is meaningless. For there is hardly a through railroad in Central America on which half a dozen companies did not fall down before its completion. In mining or oil contracts the company stipulates that it will make certain improvements and will pay a certain fixed tax upon its production, and in all cases where government land is granted the undertaking is to improve within a specified period. It is a method of attracting capital —of developing into something that which previously was nothing. Americans are the only people who do not seek monopolies, and this for the reason that our business men and bankers have reached a sufficient stage of enlightenment to know that monopolies do not pay. As for graft in the obtaining of concessions, if it exists at all it is purely individual and considerably less than that which usually prevails in the United States and other parts of the world. Contracts or concessions give only the privilege of spending money—usually large sums of money—and only a fool pays graft for the right to spend money. A number of fools drift into the tropics. They are not fool proof.

Explotación means something quite different from the English exploit. In English we have a definition which carries a feeling that the action, if not unfair, is at least without full regard for the rights of the other fellow—at his expense —taking all and giving nothing. In Spanish the word is used as "improve" or "develop." If a Honduranian buys a piece of ground and builds a house, he is said to be exploiting the ground. There is no suggestion that he is doing anything

wrong. A Colombian will say that an American oil company is exploiting the petroleum fields. He does not mean that they are ruthlessly devastating them but simply that they are getting out the oil.

However, the economic forces generated by the American system are making themselves felt. And this is a necessary preliminary to their understanding. In the United States we are not unfamiliar with the exigencies of politics.

CHAPTER XII

THE EXTRAORDINARY PORTENT OF THE BANANA

IN the preceding chapter was sketched the economic place of the banana trade in the development of the Caribbean. The base of that trade is in the United States and not in the Caribbean. No other trade is quite in analogy with it. For instance the fact that rubber can be grown in the East Indies would not be of high importance were it not for the American automobile—but still there would be some point in growing rubber. The world uses rubber in quite a number of ways and, although the United States takes most of the world's rubber, its general trade with the sources of origin is negligible.

The banana trade has developed otherwise. Instead of a trade in the usual sense it has become a complete business in itself. The banana retailer in Seattle, Washington—although he is unlikely to know it—is part of a closely knit organization that extends all the way to the banana fields. If he and others like him had not been taught to sell bananas and their customers had not been taught to want to buy bananas, the banana fields of the Caribbean would not exist for other than the needs of local consumption. The consumption of the banana in the United States is the result of a carefully cultivated taste. As was set out in an earlier chapter, the early importations of bananas were in the curiosity class and al-

though, as time went on, more and more of them were consumed, they were generally held to be unhealthful and were eaten in spite of their reputation. Very often they were positively unhealthful. For it was only by accident that an exactly eatable banana was ever exposed for sale.

The banana is one of the fruits which is not edible if allowed to ripen on the tree. It has to be cut at such a stage of growth that complete ripeness will not be attained until the time of reaching the ultimate consumer. This makes the element of time all-important. In the earlier days this element could not be exactly calculated because no entity—corporate or otherwise—had arisen of a size sufficient to control the fruit from the point of production to the point of consumption. And dependable transport was not available. The banana is a very delicate fruit; it bruises easily and is also greatly affected by changes in temperature. Fruit which is either over-ripe or under-ripe is not digestible but fruit which is exactly ripe is most digestible and has an extremely high food value. Therefore changing the position of the banana in the United States from a cross between a curiosity and a luxury to a real food necessity involved not merely public education as to its food value and various uses, but also organization to the end of delivering to the consumers bananas of such ripeness as to have the highest food value. Otherwise the trade could have no substantial basis. It was not enough to deliver a banana; the delivery had to be made of a banana which was fit to eat and also of fairly uniform size, for the habit of the consumer was to buy by the piece and not by the pound.

The banana company that expected to build a great busi-

Types of American houses. An overseer's house on the United Fruit Company plantations at Panama (above). A superintendent's house on their plantations in Costa Rica.

The pineapple is being commercially grown to a large extent. This is a field near Turrialba, Costa Rica, where the best fruit comes from.

ness thus had to start with the needs of the consumer and work back from those needs to the growing banana. That is the method of the new style business. It starts with the requirements of the consumer. For unless the consumer be exactly suited he will buy only once. Once around business is not big business. The economic independence of the United States and the Caribbean as brought about by the banana trade depends upon the ability of a consumer in the United States to buy a good banana anywhere for not more than a nickel. The whole vast organization of the United Fruit Company is devoted to doing that one thing. If it could not do that one thing then it would fall.

Thus it comes about that the keeper of a fruit stand in Seattle is an integral part of the political economy of the Caribbean. If he offers poor bananas or is frequently out of bananas when they are asked for, his customers will quickly lose the habit of buying bananas. On this homely fact rests a great international structure. The treaties, the conventions, the conferences of statesmen and the paraphernalia of international comity in the Caribbean are only aids to the man in Seattle getting a good banana. The means therefore by which this man gets a good banana are of high economic import for it must always be remembered that he gets a banana not by accident but through a co-ordination of agricultural production and transportation which is so extensive and has so many consequences that one is apt to forget the simple reason for its being.

To start at the beginning. The banana grows best under the conditions which produce the densest of tropical jungles —hot days, humid nights and an annual rainfall of from

eighty to two hundred inches. These conditions obtain on many parts of the coast of the Caribbean. It has been found that the plants do still better if, other conditions being equal, the water can be supplied by irrigation. They like a fine sandy loam which is well drained. The banana tree is not a tree at all but a herbaceous plant—although it grows sometimes to a height of thirty feet. It is eighty-five percent water and unlike a tree it has no woody roots nor has it a tap root. What seems to be the trunk of the tree is not a trunk at all but only a compact mass of overlapping leaf sheaths and a full grown banana tree looks not unlike a palm. It is planted not from seed but from a cutting and in about twelve months after planting the tree will be full grown and the stem which is to bear the fruit will have pushed itself up from the root stock, emerged at the top of the trunk, and started to bend over and downward. It then looks somewhat like a big ear of corn. The flowers of the banana plant are produced in clusters spirally arranged on this long stalk. Each tree or plant bears a single bunch of bananas composed of clusters which are called "hands"—each hand containing from ten to twenty individual bananas or "fingers." Some of the bunches or stems are very large but the commercial fruit runs from six to nine hands to a stem. Those stems having less than six hands are not marketed for export.

Those are the elementary facts of the banana. The point is to grow them in commercial quantities and qualities and here the first obstacle appears in the character of the land on which they are best grown. This is always the densest of tropical jungles and as full of fever as of vegetation. The lands on the Caribbean which have been taken over for

banana growing purposes would otherwise be useless. Not even the Indians will live in these jungles and their reclamation is as absolutely an adding of new wealth to the countries concerned as are those irrigation projects which reclaim deserts. The land is not merely worthless. It requires the expenditure of a great deal of money to put it into condition for the growing of bananas and this capital must be recovered within about ten years, for bananas are a soil-killing crop and, although some land located on the river bottoms seems to hold out almost indefinitely, the ordinary plantation will not continue commercially profitable after more than a decade. Then the fruit begins to get so small as not to meet market requirements. A part of banana farming involves having reserve lands, which means a continuous subjugation of the jungle to provide new plantings. This differentiates it from farming in the more temperate zones—although somewhat the same conditions obtain in growing sugar.

The United Fruit Company through its years of experience has developed a technique of plantation making by which a plantation may be fully and profitably established with the least possible expenditure of capital. The expenditure is heavy but hardly half of what it might be had not a technique been acquired. Not every jungle can be transformed into a banana plantation. It cost some millions of dollars to discover that. The company had to give up banana growing on all its large holdings in Cuba simply because the soil there, while it would grow bananas, would not grow them as well or as cheaply as the Caribbean littoral.

Now the explorers of the company, after locating what seem to be banana lands, turn them over to the agriculturists

who determine their fitness by chemical analysis. But not even every suitable tract can be utilized. Without transportation the bananas are useless. This transport must be by both land and water and so the engineers must determine the feasibility of building railroads and constructing a suitable wharf. The arrangements must be such that the stems of fruit can be in the hold of a steamer within fifty or sixty hours after cutting on the plantation. All of this requires a great deal of preliminary engineering and agricultural work before a plantation can be begun.

In the modern thought a banana plantation is an industrial unit. The American factory principle is to have goods flowing in an unbroken line from raw material to finished product. That principle has rarely been applied to farming even in the United States. The United Fruit Company, which is the largest farmer in the world, has applied it to bananas and its system is an integral part of the culture. Without it, the fruit could not be delivered quickly, at a low cost and in proper condition to the man in Seattle. And the system stands out in sharp distinction to the agriculture of coffee which is wholly traditional and without a thought concerning the waste of man power.

The complete engineering plan of a banana plantation has to be in hand before the jungle can be attacked. There is no rule of thumb work; the company must have a corps of civil engineers and this brings up a new and most important phase of the process of economic development.

A real business enterprise conducted on modern lines must be staffed by men who are both able and reliable. The soldiers of fortune and the beachcombers were sometimes,

The methods of American enterprise. The pier at Puerto Castilla, Honduras (above). United Fruit Company office and store at Tela, Honduras.

An ox-power sugar mill in Salvador (above). The market in Santa Tecla, Salvador.

though rarely, able but they were never reliable. They might do well enough for a while but they were not in search of careers and so when a job grew monotonous they quit. When the enterprises of the tropics were in the touch and go stage, that did not much matter; for even at their worst the wanderers were somewhat more reliable than the *mozo* who would consent to be employed. But with the formation of the United Fruit Company the banana started into big business—and big business will not run itself.

There were available very few men who had been trained to conduct tropical affairs on northern lines. That made necessary the building of a staff and through the years that building has been of high moment in the affairs of the Caribbean. Instead of just a job the new company could offer a career with opportunities for advancement as great as in the United States—and it is the previous lack of those opportunities which has, in a general way, kept the best class of young men from going into foreign parts. In the past a foreign post has usually been a dead-end affair which involved rearing a family in a foreign country. The best citizens of the United States prefer to retain their citizenship and their home ties. They do not often care to become permanent residents of other countries. That is an attitude of strength and not of weakness. These considerations caused the United Fruit under Victor M. Cutter, who succeeded to the presidency in 1924 after the death of Andrew W. Preston, to adopt a definite policy in the selection of personnel. Mr. Cutter, a graduate of Dartmouth, had gone into the service of the company almost directly from college and, starting as a timekeeper on a farm, had worked his way up through various

posts to the vice-presidency at the home office in Boston. George P. Chittenden, now the vice-president of the company, followed exactly the same course after graduating from Yale.

Mr. Cutter was the first of the major executives of the corporation to have worked his way up through every division of the enterprise. Mr. Preston had known finance and marketing in the United States—but he had not known the tropics. Mr. Keith had known the tropics—but he had not known the workings within the United States. The company at the time when Mr. Cutter became president had become far too large to be directed otherwise than by a man who knew the international relations as well as the agriculture, the finance and the marketing. The enterprise had passed the trading stage. It is impossible to conduct all commercial international relations through the State Department at Washington. That has been tried in the Caribbean just as it has been tried in China—with the result that trivial incidents quickly swell into diplomatic incidents. It was the belief of Mr. Cutter that the foundation for fair and satisfactory relations with the countries in which his company did business was the placing in each country, as managers of the corporation's activities, well educated and tactful men who spoke Spanish and who could deal with the people on a common basis of understanding. We have had from time to time a deal of talk about training men for foreign trade. The Cutter policy was to train not in a school but in the field, so that a man will come up for promotion with a thorough knowledge not only of the business but also of the Caribbean peoples—with both a business and a diplomatic training.

The present policy is to choose young men carefully and to prefer college graduates in engineering or agriculture. These men start in the tropics as time-keepers or in some other position at the very bottom and work up. Those that stand the gaff go forward to any position that their abilities warrant. They are also given facilities for investing in the stock of the company so that they will have a stake. The further policy is to choose all the executive officers of the company from among men who have worked up and are thus wholly familiar with operations. Consequently a career is opened and a force of men trained to think of working in and with Latin-America as a career.

One of the conspicuous disadvantages of the United States in dealing with the countries to the South has in the past been the lack of well trained men who knew the ways and the language of the Spanish descendants and at the same time knew the ways of American business. And until this company began its policy there has been no training school to produce such men.

The American industrial system demands that production proceed in a straight line through its various processes. Mass production is a confusing term, for it connotes the mere turning out of a vast amount of stuff and giving first regard to the machinery of production instead of to the market for which the production is intended. That is why most European manufacturers fall down when they try what they think are American methods. The true thought behind American production is so to build the market that it will require a sufficient volume of production to make possible splitting up the fabricating processes into such small

units that the machinery and men in each unit will have to perform only a series of repetitive motions. On any given article the reduction of the manufacturing to units is simply a matter of applied engineering skill.

The Chicago meat packers were the first to introduce these methods, but they were followed and quickly surpassed by the automobile makers. Now they are the rule in quantity manufacturing. Mr. Cutter conceived the thought that the same method could be applied to the culture, transport and marketing of bananas—even though the assembly line, so to speak, had to extend many thousands of miles from the tropical jungle to the northern plains of Canada and comprehend railroads, steamships and in fact nearly every kind of transportation.

He set about devising ways and means to apply the full American industrial principle to the banana—thus rounding out the work of the pioneers Preston and Keith. The methods that have been described are part of the mechanical phase of applying the principle. But they are only a part. They are the subject of continuous investigation and analysis. The technique is always being changed.

But the American principle only starts with machinery; the end is to make possible low prices to the consumer, high wages to the worker and fair profits to the corporation. For only thus can purchasing power be both built and made effective and the business put on a stable basis. The banana in its present development—and this cannot be too often repeated—is not a mere tropical fruit. It is an example of American industrial and social technique applied to a growing fruit instead of to an automobile. Thus a whole section

of agriculture has been taken out of the primitive bargain and sale classification—which has included all other agriculture—and put into the modern industrial class.

The American system has actually been transplanted to the American tropics and therefore these countries are being brought under the same influence which has made the prosperity of the United States. That is the enormous portent of the changes in technique—using the word in its larger sense—and personnel that Mr. Cutter has brought about. The two are inseparable; the American system, although it makes all possible use of power and machinery, absolutely requires the very highest and best trained intelligence for its management.

This policy has had a further and equally important development. The kind of man who will develop a large usefulness in a big corporation cannot be expected to live under the conditions which obtain along the coasts of the Caribbean. The higher classes have never lived in the lowlands. The comfortable residential cities such as San José de Costa Rica, Guatemala City and San Salvador are all on the high plateau of the Cordilleras and far away from the banana country. It could not be expected that a man seeking a career would live in a thatched hut and most certainly he would not care to rear a family under such conditions. And even if he would so consent, his health would not for long withstand the conditions.

This has made necessary for the United Fruit Company—and its lead has been followed by other American companies—to establish towns of its own on its plantations. These towns are entirely separate and they are a considerable enter-

prise in themselves. A big banana plantation covers a large area of ground. There must be a central office—usually at the point of loading the bananas on the ship and also there must be district offices with superintendents, engineers, timekeepers and a fairly extensive personnel. For each of these employees there must be quarters of such character that the staff can maintain its morale—and maintaining morale in the tropics is not always an easy matter. The twin fundamentals are health and recreation. The problems that beset General Gorgas during the building of the Panama Canal are presented at every banana station except that while General Gorgas had the resources of the United States behind him, these fruit stations have to be commercial enterprises paying their own way. This has involved a continuous compromise with perfection but the results have been truly extraordinary. It is here sufficient to note that each town established has not only to be cleared but fully drained in order to avoid mosquitoes. Then an adequate sewage and water system has to be installed, and often at a very heavy expense, for the water frequently must be brought from many miles away. An electric light plant has to be provided. The houses have to be built with regard to the fact that they are in the tropics and yet must have northern conveniences. They have to be homes and not just quarters and they must be furnished completely.

Gradually the company has evolved types of concrete bungalows which are cool and clean and comfortable. The kind of house varies with the position that the occupant holds in the company. The managers' houses are large and in some cases fairly elaborate, for the manager as the represen-

tative of the company has to be in a position adequately to entertain guests. In several stations there are also guest houses. Since supplies are rather difficult to obtain each large station must have a dairy and truck garden, an ice plant and a commissary.

The function of the United Fruit Company in its tropical work is to take over a stretch of jungle and turn it into a banana plantation—to build a full factory for the growing of bananas. What the actual attack on the jungle means can hardly be pictured to any one who is not familiar with the dense, dank growth of the tropics. The jungle is a tangled mass. In the usual jungle it is impossible to travel ten feet without cutting, so thick are the brush and vines. Even the surveying of these stretches is only for the tropical experts. After the surveys the drainage ditches are cut through—for nearly always these tracts have to be drained.

The next step is to clear out the underbrush. This is hard, trying work both for the labourers and for the engineers. The heavy moist heat will soon do up the ordinary man. At this stage the big trees are not cut, but with the brush out of the way, the fields are lined and staked so that the banana plants will go in regularly spaced rows. The planting is done with pieces of root stock selected from clean, vigourous plants. The planting is all completed before any attention is given to the jungle trees. Then they are cut and simply allowed to lie as they fall. When a tract is planted and the trees felled the general appearance of the plantation is just a little worse than when it was jungle. The tropical growth decays as quickly as it grows. In six months the smaller wood has become a mulch while in two or three years even the big

trunks have disappeared. Curiously enough, indiscriminately cutting the trees and letting them lie where they fall does not injure the banana plants. They are still below ground while the operation is being carried on and once above ground they manage to adapt themselves to conditions. The heavy mulch of decaying vegetation is of positive benefit.

Three months after planting the shoots are well up and the banana farm gets its first cleaning. This involves cutting out the weeds, the new tropical growth and whatever felled timber has started to sprout again. Such of the original planting as has failed to come through is replanted and this process is repeated every three or four months, otherwise the plantation would return to the jungle from which it came.

In the meantime the main lines of railroad have to be pushed through with sidings for loading and also tram lines to be operated by donkeys or little gasoline engines laid out at regular intervals so that the fruit, once cut, can be hurried to the main line of the railway not only with all possible speed but with a minimum opportunity for bruising. There are around 750 miles of these tramways and over 1500 miles of railroads, which gives an idea of the transportation problem. The ground is generally much too soft for trucks or tractors and it is cheaper to build a tramway than a road.

Some of the banana stations or divisions are very large—the furthermost fruit having to travel eighty odd miles to the ship side. But all are organized on the same general plan. At the head is the division manager and under him are an assistant manager, a superintendent of agriculture, a chief engineer, a manager of the railway, a port superintendent, the medical department and so on. The manager is not only the

business head but in a fashion he is the head of the municipality, for although the various stations are under the nominal control of the local authorities, they commonly do their own policing and have their own regulations. The manager is the viceroy of the company and on him depends the keeping of amiable and proper relations with both the local and the national government. Almost anything may turn up on his doorstep—and almost everything does.

The unit of each division is the district and the unit of the district is the farm. A farm is from five hundred to a thousand acres and a district may be anything from six thousand to ten thousand or more acres—although the present thought is that a district should have just six farms so that the district superintendent can, by riding a farm each day, complete his circuit within a week. For he must know exactly the conditions everywhere in his district. He has under him whatever departments the nature and extent of his district require. A farm is in charge of an overseer who lives on the land and it is as assistant to an overseer that a young man starts in the tropical division of the company. Here is a letter written by an employee in Guatemala to a man about to go into the tropics and which sets out rather well the conditions which the newcomer will meet and gives some idea of the life:

"This month let's go to work on a banana farm and discover how fruit is grown. This is the logical place to go before we look into the work of the other departments, for if there were no farms the other departments would not exist.

"Imagine then that you are assigned to an Overseer as his Timekeeper. Your duties are the same as his except that he

is responsible for what you do and he will, for at least six months, give out all work orders while you watch what is being done.

"It is well for you to pick up such information as you can for when you are given a small farm to run your troubles will begin. You will soon discover that an Overseer will gladly teach you what he knows if you will show an ordinary amount of interest and intelligence.

"Another man who can help you is the Negro foreman. He is usually a Jamaican and raised among bananas. Remember all this when you get your first farm and do not arrive immediately at the conclusion that the road to the knowledge of fruit cultivation has any short cut.

"The average farm has about 700 to 800 acres; a large farm from 1,200 to 1,400 and a small farm from 400 to 500 acres. They are divided into sections of one to thirty acres and interlined with tram lines where the fruit is hauled. Your first ride is apt to be the most interesting as you go trailing along under the banana trees, winding around fallen logs and plants, sometimes crossing small wooden bridges and now and then riding over a bridge perched high in the air connecting the banks of a lagoon full of reeds, water and lazy alligators.

"Often the path leads to the shore of the river where you look across to the workmen's little huts and an occasional stream tumbling down from the low hills in the distance, and often you will find piled along the banks the fruit of the independent planters whose farms are scattered all through the country adjoining the Fruit Company's property.

"Once in a while you ride through sections so wet from rains

and floods that your mule sinks to his belly and when this happens he stops then and there and it is up to you to go overboard and persuade him to carry on. Occasionally you hit a hornet's nest built beneath a banana leaf and then your mule needs no encouragement to keep moving.

"If you come to a tram line well ballasted and properly grassed you can gallop your mule and get the fun of racing, but this seldom happens and your progress is slow, for you have much work to watch.

"Any farm producing fruit is being constantly replanted. Small suckers are carefully dug away from the mother root and set in holes about eighteen inches deep and then covered with earth. These holes are sixteen feet apart, this being the distance that gives the plants the best chance to obtain the necessary amount of sunshine and water. Sometimes sodium nitrate is used as a fertilizer but usually the young plants are left to shift for themselves except for the usual amount of cleaning and pruning. Setting out suckers is called supplying.

"It will be difficult for you at first to distinguish the number of hands a stem of fruit has, and you will find it a bit puzzling to determine the grades. But practice makes perfect and before very long you will pick out the six, seven, eight and nine hand bunches and properly classify them. These points you must know, for they are among the most important things that you will have to decide.

"Another part of your work is superintending the laying out and the digging of drains to carry off excessive water in certain sections. You will have to locate the proper height and the contour of the land and make certain that the water will pass along into the rivers and brooks or the ditches along

the trams. There must be no flow back and the water must run steadily downward to the spillway.

"Other work that comes under your supervision is circling and forking, ballasting and grassing trams, cleaning pastures, making trash pads, cuttings leaves on fruit cutting days, cleaning camps where your labourers live and other various jobs necessary to the proper management of a farm. Do not be discouraged if you are slow to learn. You are bound to win out if you will stick to it, and, as I said before, keep asking questions of your foreman.

"You day generally commences at six o'clock when the stockman brings your saddled mule to the front gate. You will not return to the house until eleven o'clock when you will be quite ready for dinner. Usually you do not go out in the afternoon but will write up some of the numerous farm reports. When your work is done you sometimes drop over to the next farm to exchange ideas with your neighbour.

"Every week you have weather reports, fruit estimates, coupon reports for the coupons you have issued to your labourers, a farm letter giving in detail the work carried on during the preceding week, changes in the pay roll and what other reports the District Superintendent may require from you. Every month you have reports covering acreage, stock, contracts, requisitions for supplies, hospital dependents, and farm budget to make out and the coupons that you have issued during the entire month to report. The most important report, however, is the pay roll showing the names of your labourers and employees, the class and amount of work they have done, all deductions against them such as coupons, hospital and railroad tickets, mess accounts, etc., and finally the

amount that the Paymaster is to pay them on his monthly pay trip. All these reports I have enumerated for later you will discover where they go and how important they are.

"Every farm has as many fancy and ordinary mules as it requires. Fancy mules for work and riding; ordinary mules for work. The native mule is much smaller than those shipped from the States, but he is very strong and you will find him hauling tram cars loaded with sixty to a hundred and twenty stems of fruit. He is an ill-tempered little beast, but a steady worker.

"Your riding mule is as comfortable as a hard pine log and heaven help you if you attempt to make him trot. His steps are short and mincing and his joints are made of steel. Walk him or gallop him and you will remain happy. He has no affection; in fact, he is a typical hard-boiled egg and is continuously planning in his mule-like way how he may outwit you. Never leave him unhitched when you dismount to examine some particular farm work. If you do, you will walk home. Pet him if you must; whale him as you will, but do not try to make him your companion for all he wants is to eat and sleep and to be left to his own devices."

The banana is prolific, and it is usually necessary to cut many of the young plants away after the first crop is harvested. Generally from two to five of the most promising shoots are allowed to develop, as, up to a certain limit, the number of suckers allowed to grow from a single "bit" will determine the hands which will be produced by the remaining stalks originating from that root.

Pruning is a job that requires considerable skill and judgment, for, as the plantation comes into full bearing, it is these

remaining shoots which will replace those which have borne their fruit and been cut down. If all goes well, production becomes continuous over a period of several years.

Upon receipt of news relative to the arrival of steamers and the quantity of fruit required for their cargoes, the central office of the division telephones to district headquarters orders for the necessary number of stems of bananas. Each farm overseer in turn figures on an allotment from the individual sections of his plantation, the cutters are forewarned and everything arranged so that cutting may begin at daylight.

It takes a practiced eye to select bunches of fruit of the proper grade and condition of shipment. Each section of each plantation is usually gone over twice a week so that the overseer has a fairly accurate idea of the number of stems which can be cut on a given day in each section. The men who cut fruit in the section work there, at other jobs, every day. They know every plant.

A cutting gang consists of three men: the "cutter," the "backer," and the "muleman." The cutter, using a log pole to which is attached a sharp knife, nicks the main stem of the plant a few feet below the bunch, causing it to bend. Then, with a pole, the upper portion of the plant is held steady and the bunch of fruit is eased down onto the shoulder of the man waiting to receive it. A machete blow severs the bunch from the plant and another lops off the long blossom end. The backer then transfers the bunch to the mule which takes it to the nearest tramline, and the plant itself is cut down quickly to rot and become humus. Tram cars transport the bananas to the main transportation lines, where trains

pick up the fruit at assembly points and move it to the seaports.

Aboard ship everything has been made ready. The holds have been pre-cooled and loading goes on day and night without interruption. The various divisions of this work have been so co-ordinated that a cargo of 75,000 bunches can be placed aboard ship in from twelve to fifteen hours after the first stem of bananas is cut from the plant.

The fruit goes from the banana cars into loading machines where it is inspected and all damaged bunches, as well as those showing any trace of yellow colour, are rejected. Those accepted for shipment are counted as they are placed one by one in the canvas pockets of the conveyor which takes them into the holds of the steamship where gangs of experienced labourers store the bunches in the various compartments provided to receive them. The bunches are stored on end, resting on the butt of the stem in from one to four tiers, the interstices between the stems forming natural channels for the circulation of air.

Bananas absorb oxygen from the air and throw off carbon dioxide in much the same manner as do human beings. This makes necessary a special type of ship, constructed so that the fruit may be carried in well-ventilated chambers within a low temperature range. Banana carrying steamships have several decks separated by vertical partitions into compartments and bins. All iron work is sheathed and rough surfaces and sharp corners eliminated in order that fruit may not be bruised. The bins are constructed of wooden bars which keep the fruit from being crushed by the rolling of the ship.

Stored bananas give off a great amount of heat, and the refrigerating apparatus must contend not only with the natural heat of the fruit as it is loaded, but also with that which is generated during the voyage. It is for this reason that the refrigerating machinery used on a banana ship is more powerful than that required for a steamship of the same capacity carrying frozen meat. During the entire voyage the fruit is inspected at hourly intervals day and night and the temperatures closely surveyed and recorded. In the winter when steamships are approaching the north Atlantic ports, it is sometimes necessary to resort to artificial heating to maintain the desired temperature.

The United Fruit Company uses ninety-odd ships in the service of bananas running to New Orleans (which is the largest receiving port), Mobile, Galveston, Boston, New York, Philadelphia, and Baltimore. The voyage will take from three to eight days depending on the port. Through an English company—Elders & Fyffes—refrigerator ships run also to British and Continental ports so that the distribution is now practically world-wide. Another plantation is in the process of development in Panama and in this service ships of the company will land their cargoes at San Francisco.

The development within the United States, as has been outlined, is the real reason for the development in the tropics. The technique of handling a single product has been developed to a high point in much the same manner—although in a very different sphere—as the technique of manufacturing the single product, low-priced automobile.

The unloading begins as soon as a ship touches port. The

American methods. Ditching in Colombia with a drag line (above). The motor truck is everywhere it can find a road.

Logging methods. A gasoline saw in the jungle (above). Getting out mahogany in Guatemala.

bananas have started out from the holds of the vessels before the passengers have made a landing. The loading and unloading of general cargo ships, other than the carriers on the Great Lakes, has not been much changed in twenty-five years. The unloading of a banana ship, like its loading, is in a class apart and is almost wholly a machine operation. It is more difficult than most machine operations because in the northern ports in winter the fruit has to be protected from freezing by inclosures and also at all the ports the machinery has to be adaptable—for it is impossible for the company as yet to achieve the ultimate of having all of its ships exactly alike.

The machinery differs somewhat at the various ports but in general it is not unlike the loading machinery in the tropics. Portable belt conveyors, adjustable to the various holds, convey the stems ashore and there they pass to other belt conveyors which take them directly to the waiting freight cars. Each belt conveyor into the ships' holds will take care of from eighteen hundred to two thousand stems an hour. Therefore steamers of the four-hatch type will discharge up to eight thousand stems per hour at a very slight expense and with a minimum of hand labour. It is of course necessary to get the bananas very quickly on the way to the consumer but this speed in loading and unloading has also an important consequence in the more rapid turnover of the vessels. Much of the expense of ocean carriage is in the idle time of ships. These fruit ships are rarely in port more than two days.

During the unloading process the bananas are again inspected. All sales in the United States are made by the Fruit

Dispatch Company which has sales offices located in various parts of the United States for the solicitation of orders. All orders are sent to the seaboard and are accepted by the consignment of the bananas to the customers. In summer the refrigerator cars are iced and in winter they are heated. This demands an organization throughout the entire country charged solely with seeing that the fruit is properly cared for in transit. By these arrangements all seasonal characteristics are removed from the fruit. There is no season for bananas. They are on sale everywhere every day in the year. This is still another feature which would not be possible without wide organization and it is almost impossible to calculate what it means in the way of banana consumption.

That is the basis of the service. It rests, however, on the public demand. Creating that demand is a story all of itself. In part the demand has been created through magazine and newspaper advertising presenting various methods of using the fruit and also its dietary qualities and in part through an extensive field service which trains jobbers and retail merchants in the handling and display of the fruit. For instance the proper ripening of the fruit is of major importance and for this purpose what are called "banana rooms" have been established all over the United States. These correspond to nothing so much as humidors—with the humidity and the ventilation exactly regulated to bring the fruit to its most wholesome maturity. The retailers are instructed in display and also in the care of fruit so that it may get neither too warm nor too cold. Either extreme hurts both the flavour and the keeping qualities. Because of this service it is possible in winter to sell bananas as far north as Winnipeg, Canada,

where the temperature often drops to thirty or more degrees below zero and in Europe the fruit is on sale at Spitzbergen —which is getting close to the North Pole.

The point of the story is that in 1899 the United Fruit Company imported and sold 15 million stems of bananas. In 1928 it imported and sold 36 million stems. It will be noted that this is practically the same period during which the Caribbean countries have made a greater development than during the entirety of their previous history.

That is the economic importance of the banana. It has this economic importance only because it has been brought into the sphere of modern American business activity. The foundation of modern American business activity is the mobilizing of capital and ability by great corporations. The banana is as perfect an example as the automobile of an industry which could not exist in a profitable manner for the consumer, for the worker and for the investor, were not the operations large enough to achieve the economies of enormous production. The banana, like the automobile, has been taken out of the luxury class and put among the necessities. And as a logical development both industries have gone into foreign countries not to sell surplus production but to embrace those foreign markets in the general scheme of production. This new phase of large scale enterprise is the subject of Chapter XVIII.

CHAPTER XIII

THE EFFECTS OF AMERICAN ENTERPRISE

IN recent years the principal capital going into the Caribbean countries has come from sources in the United States. Not much has been in loans. The bulk has been in the way of investment in productive enterprise owned and managed by citizens of the United States. The early loans from European sources, which were described in Chapter VII were on the whole not productive, except as to that small portion of them which went into the building of railways. In many—one might say most—of these early loans both the ignorance and the cupidity of the borrowers were taken advantage of. The lenders were entitled to high discounts, for the loans were speculative to the last degree. However, most of the lenders did not know how much they were really speculating. Properly they were not speculating at all. They were just throwing away their money. Those extraordinary transactions described as loans have not been the subject of much criticism. The lenders have not had the ill will of the borrowers—probably because the borrowers have paid so little on account. The operations of American enterprise on the contrary have been bitterly criticized largely because they have been misunderstood—just as the whole industrial organization of the United States has been misunderstood by those who can phrase it only in terms of the old economic

American machinery at work. A road machine and concrete mixer in San Salvador (above). Making an installation at a mine in Honduras.

Cacao is an important product. Removing the seeds from the great pods.

vocabulary. For instance one can describe the taking out of petroleum either as a *depletion* or as a *utilization* of natural resources. If we use the word *depletion* then at once the undertaking becomes invidious. But it is quite otherwise if we say *utilization.* Oil in the ground is not worth anything to anyone. Probably some of our own greatest national wastes have been piously disguised as conservation. A people may be directly robbed by its political leaders but they may as surely, although indirectly, be robbed by withholding the proper use of natural resources.

A certain amount of academic socialistic thought is current throughout all of Latin-America. Ever since the days of the French Revolution the maxims of the French political and social theorists have become a part of certain Latin-American thinking—the thinking of their intelligentsia. They were a part of much of the American political thinking during the early days of the United States. They dropped out only as, one by one, they proved to be impractical. They are dropping out of Latin-America as they prove to be impractical—but as yet there has not been an opportunity for a full demonstration. The attempt to apply unreality to reality persists. For instance there is often the objection that the banana farming along the shores of the Caribbean is a mere exploitation of the soil—that it is a taking away of something that cannot be replaced. Bananas do deplete the soil but they deplete only soil which would otherwise be useless, for it would not pay the cost of its clearing. Banana growing, however, is not like mining for it does not take away something that cannot be replaced.

Bananas, like sugar, are still in the extensive stage of cul-

tivation. There is so much cheap land in most of the districts that usually it pays better to open new plantations than to revitalize the old ones. It has been demonstrated that any of the land can be brought back by fertilization and just as an experiment the experts gave attention to a tract in Guatemala that had been grown to corn for many years by the Indians and was supposed to be absolutely worthless. By careful treatment and fertilizing this tract has been brought to a fertility equal to that of virgin soil. In Jamaica and Colombia the United Fruit Company has used cover crops on supposedly exhausted soil and completely restored it. The present problem is to discover methods of soil restoration that can be applied for less than the cost of buying and clearing new land. There is not now a deal of difference in price. For these countries it is more beneficial for new land to be cleared than for old land to be intensively cultivated. For otherwise the jungle would remain.

Without further attention, land that has been cleared, planted to bananas and after ten or fifteen years of cropping lost its value as banana land, is still good for other forms of tropical farming. The United Fruit Company has planted thousands of acres of this "exhausted land" in cocoanuts and cacao. These will some day be valuable—when the production reaches a point where the volume will be great enough to make intensive selling pay. The main business is now bananas, but some day these other divisions of agriculture will be very important. Most of this exhausted land will grow rubber and would grow rubber to-day were there at hand a supply of cheap labour such as exists in the Far East. American enterprise in the Caribbean does not employ

cheap labour and therefore extensive rubber development must await the devising of machinery to replace hand labour. However, it would not make the slightest difference, so far as adding wealth to the country is concerned, whether or not banana land ever again came into any crop. The fact that the land can be further utilized—that it more than pays for its own reclaiming from the jungle—is only an added wealth. The wealth gained through the bananas would amply justify the exhaustion of the land. Ten years of bananas yield more than a hundred years of anything else these lands would grow.

The several countries of Central America will later in this chapter be examined to discover some of the effects of American enterprise. All of these effects, however, cannot be traced. It is never possible to gauge the effect of added pay rolls or of other direct payments, as such effects do not lend themselves to exact mathematical calculation. For instance in 1915 the United States owing to the Great War found its business generally depressed. Then the Allied Governments began to place war orders. These orders amounted to only a few hundred million dollars and apparently they benefited only such munition making communities as Bridgeport and Bethlehem, but the impetus of those orders—representing a tiny sum as compared with the vast money turnover in the United States—stimulated other industries and by 1916 the general business of the country was in excellent condition, although up to that time the entirety of the war orders had scarcely amounted to a billion dollars and the bulk of the funds to pay for them had been raised in the United States. When you pay a workman you pay not merely him. You add

a buying power to the whole country and therefore the effect of the pay rolls of the American companies must be widespread. This effect is not confined to the coastal regions for there is an interchange of products with the interior and thus the payrolls get into general circulation.

There is another effect of American enterprise in the tropics which is impossible to estimate in dollars and cents but which makes the wages paid by American companies much more effective than any other wages, and that is the medical service. The large companies maintain hospitals which are open to all of the residents of the district, whether or not they be company employees. These hospitals are maintained not merely to care for accidents. That is the least of their functions. They are general hospitals and although at first they were naturally regarded with deep suspicion, they are now very generally used even for childbirth. These hospitals are headed by American doctors but wherever possible they are staffed by Latin-American doctors who have been educated abroad. Nurses also are trained. It is hard to conceive that these countries have been practically without hospital or nursing facilities, but such is a fact and, were you rich or were you poor, it was taken for granted that, if you stayed in the country, you would get well or you would die, just as fate decreed.

However, important as are the hospitals, of much greater importance is the dispensary system which extends throughout all of the regions where American companies operate. These dispensaries not only treat the cases which come to them, but keep down malaria through liberal use of quinine and also they are able quickly to check dysentery and many

other of the formerly fatal tropical diseases. The Rockefeller Institute works through all of these countries on hookworm.

Wherever there is an American company, there will be good drinking water and at least some sanitation. No company has had the funds to clean up to the extent that Gorgas and his aides had in the Canal Zone, yet the net effect has been to cut out at least three-quarters of the malaria, dysentery, and hookworm in the company neighbourhoods. Without these medical facilities it is quite doubtful whether the local employees would be able to work much more than half the time and therefore no matter what wages were paid there would be very little surplus purchasing power even if a half-sick man could be paid the wages of a well man. These medical and sanitary services are not on any false basis of charity. They are a recognition of the economic value of health—of increasing a man's capacity both to earn and to spend. They will be treated more fully in a later chapter.

It is only necessary to investigate any American enterprise in order to discover still another effect which the wages have upon the standard of living. The labouring classes in the Caribbean live in thatched roof huts with dirt floors. Everyone goes barefoot and the smaller children wear no clothing at all. Civilization is not to be interpreted in terms of raiment and I have no patience with the missionaries who seem to hold that the first duty of a Christian is to wear trousers. But a certain self-respect does grow out of clothing and shoes form a protection against many diseases. In all the American communities the workmen are provided with clean, simple cottages, with board floors well raised from the earth and having running water and sanitation. These cottages are

rented at nominal sums and immediately an improvement may be noted in the living.

This is first evident in a desire for certain luxuries such as sewing machines and musical instruments—the sewing machine is not a luxury, but it is bought as such, for there is seldom enough sewing to warrant its buying. These houses are screened and although at first the screens are not used, eventually they are considered necessities. The huts have no furniture but in the houses the people quickly begin to accumulate pieces of furniture and also decorations. These are usually gaudy but, in comparison with the huts, the cottages take on the look of palaces. The women very soon buy shoes to wear on state occasions. They have at least one extra dress and the men will buy an extra suit and sometimes go so far as to get a collar. These things would not seem to mean much. Actually they mean a great deal, for these labourers under ordinary circumstances would have no extra clothing of any kind. There is no steady work to be had anywhere except from the American companies. A labourer away from the plantations deems himself lucky if he can get enough to eat. This was particularly true in the coastal regions before their development. Then the residents could not raise even the beans and rice which form the staples of their diet. The best proof, however, of the effect of American wages is that a labourer who has once worked for an American company will not thereafter work for anyone else.

Now consider the effects of American enterprise in Costa Rica, Panama, Honduras and Guatemala and also consider some of its ramifications.

COSTA RICA

Were it not for the banana Costa Rica would be solely dependent upon its coffee crop—and have all the vicissitudes of a one crop country. The coffee is mostly owned in small plantations. One merchant who ships annually about three thousand sacks buys from about one thousand planters. That gives an idea of the size of the plantings. The number of large plantations is insignificant and in only a few have Americans any interest. The small planters are almost a race unto themselves. They commonly employ no labour and by having a few banana and plantain trees together with some plantings of beans they usually can be fairly self-contained when coffee is very low. When coffee is high they have a fair, although never a large, buying power.

Coffee rules in the highlands but the banana rules on the Caribbean coast and centres about Limón where the United Fruit Company, which is the only large enterprise in the country, has its main station and town.

The company has no concession in the sense of having received large grants of land. All of its land was had by purchase. This railroad is now operated by the company and the largest single item of revenue is the freight paid by the company for the transport of bananas and supplies. It is said that the railroad could be made to pay without the banana freight but that is doubtful.

In addition to operating this road the company has many miles of road running through the banana plantations as well as the usual equipment of tramways. The top year of banana shipments from Costa Rica was 1913 when more than

eleven million stems went out. Since then the Panama disease has destroyed thousands of acres and, although new plantings are every year being opened, the end of good banana land is in sight. It takes only a few years for the disease to catch up with and kill a new plantation. This disease, which is in the nature of a blight, has to date baffled all scientific study and is the outstanding menace to banana culture throughout Central America. If a way can be found of halting it or if a banana can be found which is commercially feasible and still disease resisting then the future of the banana plantations is assured. Otherwise it is only a question of years until all the available land will have been conquered. Already it has cut the Costa Rican exports by three million stems. The land that was formerly in bananas is being gradually planted to cacao and cocoanuts—which are not, as yet, profitable crops.

The company holds out to buy all bananas offered to it in good condition and at prices which are a matter of agreement and are of record. They have all the force of law. The price for stems of nine hands or better—which is the commercial standard—was thirty cents in 1918. Now that price is sixty cents—and the cost to the private owners of raising bananas has not during this period much increased for they employ little outside labour. The company now buys nearly three-quarters of its fruit and for it pays annually between two and a half and three million dollars. This represents a direct contribution to the wealth of the country. The company employs sixty-five hundred men and the pay rolls run to around three million dollars a year. And while the average rate of pay in the interior does not go above a dollar a day,

The old and the new. Cleaning the tracks by hand (above). A weed burner which does the work of the whole gang (below). Building roads in Guatemala by hand (middle right). Building with American machinery (middle left).

A labourer's hut in Colombia away from the American developments (above). A man with a pole is still the motive power of the barges on the *caña* between Ciénaga and Barranquilla.

the company will average about double that sum for common labour.

The common labour was formerly nearly all drawn from Jamaica, because the nationals refused to work on the hot coast but now a steadily increasing number of them are finding that they can work as well there as anywhere else and the proportion of negro labour is decreasing. The company during each year disburses nearly ten million dollars within the country for, in addition to its fruit purchases and pay rolls, it buys supplies, pays freight, duties and taxes and no end of miscellaneous charges. And finally the American tourists from the company ships will leave possibly a million dollars.

The total investment of the company in the country is about ten million dollars. The effect of this steady disbursement and of the capital on which it is based can only be guessed at, but it is a fact that the economic progress of Costa Rica has been in direct proportion to the growth of the banana trade.

That trade has important offshoots. The commissary department of the company maintains twenty-four stores extending inland about sixty miles. These stores now do an annual business of about a million and a half dollars and they are not company stores in the sense that only employees may buy in them. The general public buys as much as the employees and the managers have noted a demand for an increasing number of luxury articles. The sale of cotton stockings has dropped; the natives want silk stockings. Printed gingham used to be the staple; it is being replaced by silk. A wholesale merchant who formerly bought one hun-

dred rolls of gingham a year, in 1927 bought only four rolls—and two of these he could not sell. That is indicative of the change in taste and that change could not take place without a change in income.

There has been a rise in income and also a rise in prices, but some of the staple foods such as rice, corn and beans have not increased in proportion and consequently there is a larger free income than ever before. The price of housing has not increased at all.

One indication of the increased buying power is the fact that while there were only 325 automobile vehicles in the state in 1924 there were 897 in 1927—and there is almost no reason for owning an automobile because there are no roads of consequence. Outside of a few trucks and busses the motor cars are luxuries.

But the most striking collateral effect of American operations may be found at Turrialba on the road to San José. Four years ago this was a ragged town of six thousand people. Then the United Fruit Company built a railroad spur out through the bush which at that time grew only a little coffee. The transport had been so inconvenient and expensive as to make the growing less than profitable—considering the investment. The company worked out a method of planting bananas to shade the young coffee plants and offered to buy all the bananas raised. The land could be depended upon to yield about three good years of bananas. That was enough to bring the coffee into bearing and thus the planters got their coffee plantations for nothing, since the bananas more than paid the entire outlay. Now that is a flourishing coffee section and a manzana of land (about one and three-

quarter acres) is worth a thousand dollars. Turrialba has grown to 19,000 people—and it is solely an offshoot of American enterprise.

PANAMA

The little republic of Panama is wholly overshadowed by the Canal. At the Caribbean end is the American city of Cristobal running into the Panamanian city of Colon, while at the Pacific end is the American city of Ancon running into Panama City. In so far as these cities are not wholly American they are cosmopolitan and their inhabitants are to a large degree transient. The Americans are in the employ of the United States either as civilians or in the military or the naval service. Added to these are the American managers and employees of the steamship offices, banks and other establishments. The business of the Panamanian cities is carried on largely by Jamaica negroes and by Orientals. The main purpose of this business is supplying for American residents and tourists. The imports are five times as great as the exports and there is nothing characteristically Central American about anything.

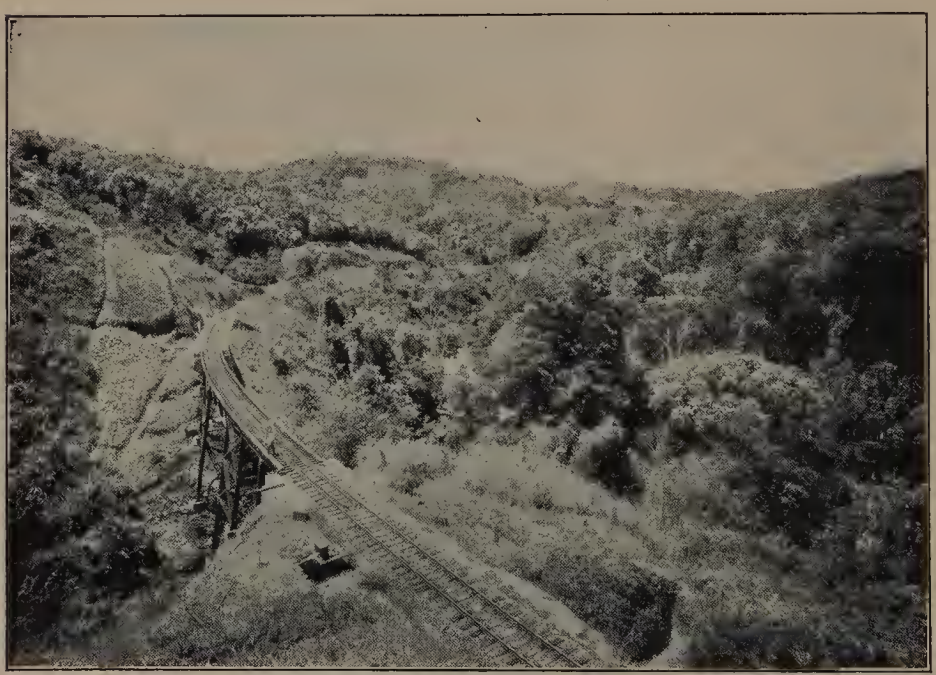
Outside of the Canal Zone the country is a wilderness except for a few mines and the developments of the United Fruit Company. This company is responsible for practically all the business other than that generated by the residents of the Zone. There are frequent rumours of petroleum and several American companies have acquired tracts of land but as yet there has been no commercial development and many experts regard the finding of oil as highly improbable.

The main plantations of the company are at Bocas del Toro extending on both sides of the border line between Panama and Costa Rica. Bocas del Toro is supposed to be on or near the site of a colony established by Columbus. An island named after him helps to make one border of Almirante Bay which is connected with the sea to the south and west by the Chiriqui Lagoon which is studded with islands in a setting of perfection. At Almirante, on the mainland, is another fruit station. At one time this district with its piers, railroads and towns was one of the great banana producers. It represents an investment of about ten million dollars, but of late years the Panama disease has eaten heavily into the plantations and the production is waning.

Even so, the company in this neighbourhood employs some thirty-five hundred workers and the pay roll is in excess of two million dollars a year. This money is paid in a region which would otherwise be jungle and able to support only a few Indians living under the most primitive of conditions. The plantations are literally carved out of the jungle, for much of this portion of Panama has not even been explored and some of the Indian tribes are still in a wholly savage state and will attack white men or even other Indians who venture into their territory.

The company has begun a new plantation in Panama on the Pacific side—marking its first venture from the shores of the Caribbean. This new development has already cost about a million dollars and when completed will represent an investment of twelve times that much. This is another case of pioneering—of building a pier, a town, railroads, and installing the full paraphernalia of a banana unit. The ships

On the Pacific, Guatemala and Salvador have no harbours. An old print of a landing at La Libertad, Salvador (upper left). The same pier to-day, at which landings are made in the same manner (upper right). Contrast the International Railways pier at Puerto Barrios, Guatemala (lower).



High in the mountains of Colombia. Medellín, a rock-bound city (above). On the railroad that climbs from the Magdalena River to Medellín.

from this station will run to the Pacific ports of the United States and avoid the waste of transporting bananas from the Atlantic ports to the region west of the Rocky Mountains. The only wealth of Panama which is of any moment whatsoever—outside the Canal Zone—is that created by these plantations.

HONDURAS

Honduras probably offers the most striking example of American development because this country, which stretches from a broad coast line on the Caribbean across to a narrow edge fronting the Gulf of Fonseca on the Pacific, is sharply divided between the American zone and the national. It has a nominal seaport at Amapala which is only an island in the Gulf of Fonseca and from there one must make one's way for several hours through swampy bayous to a patch of mud with a few thatched houses which is San Lorenzo. Every pound of goods entering the Pacific port has to be carried through the mud of San Lorenzo on the backs of human beings. Thence there is a road cut through the mountains to Tegucigalpa, the capital. This is the only way into Tegucigalpa, and over it go all the goods from the Pacific on mule back, or ox cart, or in American motor trucks manned by daredevil, cheerful looking American drivers who have drifted into this section of the world. They manage to stand ten hours a day of steady bumping.

Tegucigalpa is a tumbledown place, its single modern improvement being an American wireless station. To reach the nearest railway head going toward the Caribbean one must travel a day and a half over impossible roads. In the rainy

season the roads pass out and then the trip takes a week by mule. In the whole interior the only American investment is the Rosario mine which gives employment to a considerable number of *mozos* and which represents about four million dollars.

When one reaches the coast the scene changes. The entirety of the coast for thirty or forty miles back is a network of banana properties which are owned by three American fruit companies. They employ in the neighbourhood of eighteen thousand people, of whom about eighty-five percent are Honduranians, and they pay out annually in wages, for purchase of local products, and taxes somewhere between nine and ten million dollars. Bananas form more than sixty-three percent of the exports of Honduras, with gold and silver next, and following that, sugar, so that more than eighty percent of the exportable products of the republic arise from American investment and enterprise. The United States buys three-quarters of all the products sent out and sells to the country more than eighty percent of what it buys.

The American companies pay from a dollar and a half to two dollars a day in wages. These are practically the only wages paid in the country because there is little or no work outside of the American properties. In the interior a man is glad to get thirty cents a day. Only on these properties do the workers live in other than thatched cottages. The American operations generate the bulk of all the revenues of the country, and of these revenues it is interesting to note that the government spends about one-third in the keeping of a military establishment and in suppressing revolutions.

Revolution has robbed Honduras of its cattle, has taken

the funds which should have been used for railroads and other public improvements, and has kept public education at nearly zero. There are very few schools and usually the school teachers' salaries are from six to seven months in arrears. Often the university at Tegucigalpa is closed for lack of funds. The prosperity of the country begins with the American zone. There the sugar and banana plantations start.

The largest activities are those of the United Fruit Company whose principal stations are at Tela and Trujillo. These properties are both organized as railroad companies under contracts to build railroads in consideration of the grant of a certain number of hectares of land per mile constructed. The largest station is Tela which is three hundred miles west of Cape Gracias a Dios and on the open sea. When Victor M. Cutter landed there some fifteen years ago with instructions to establish a banana division, he found only a beach and a few Carib huts. Back of that was the jungle. Now there are two towns—old Tela and the company town which is new Tela. Out into the sea stretches a great steel pier for the loading of the banana ships and the railroad which begins on the pier extends up and down the coast and back into the country for two hundred miles, serving sixty-nine thousand hectares of land and several important towns, the chief of which is Progreso where connection is made with the line of the Cuyamel Fruit Company. One bridge, that over the Lean River, is more than a thousand feet long at Lancetilla.

Three miles behind Tela is the experimental and research station, of which more later, and there is a large livestock and dairy farm, a truck farm with a full dairy delivery serv-

ice, the usual merchandising department and of course complete water and sewage systems, lighting systems and all the other necessities of an American town.

The port of the Trujillo Railroad Company is at Puerto Castilla, ten hours' steaming from Tela and this likewise is on the open sea. The whole was reclaimed from the jungle except that nearby is the old town of Trujillo which was established in 1522 by Hernando Cortéz and was a flourishing, fortified town a hundred years before Hendrik Hudson entered New York Bay. It was here that William Walker (see Chapter VI) was shot and here he is buried. From here also many promoters tried to build railroads, for this coast of Honduras, like the coast of Nicaragua, has been sold over and over again to the American public by promoters who never saw it.

Castilla is an entirely modern town and the railroad in its main line is one hundred and forty-nine miles long and with the branches has a total of two hundred and thirty-three miles. The largest station inland is Olanchito and the railroad serves the developed portions of one hundred and thirty-one thousand hectares of land owned or leased by the United Fruit Company. Incidentally, as showing the character of the country, goods from Trujillo to Olanchito formerly took from five to six days by pack train. Now the trip is made in the same number of hours.

Only a portion of these banana lands farmed by the United Fruit Company was obtained by virtue of the railroad contract with the government. In the Tela division fifteen thousand hectares were granted by contract; forty-six thousand hectares have been bought from private owners

while seven thousand are leased from the government. At the Trujillo station fifty-six thousand hectares came through the building of the railroad, fifty-three thousand by purchase from private owners and twenty-one thousand by lease from the government. Approximately one-half of this land is suitable for banana growing while the other land had to be bought in order to get the banana land.

The other two American companies operating in this section are the Cuyamel Fruit Company and the Standard Fruit Company both of which ship bananas to New Orleans. The Cuyamel Fruit Company operates the National Railways and has its headquarters at Puerto Cortés. In addition to its banana plantations, it has a large acreage in sugar cane and a *central,* or sugar mill. Most of the sugar is sold in Canada because the reciprocity agreement gives Cuba a practical monopoly in shipping cane sugar into the United States. The investment of the Cuyamel Company runs to four or five million dollars in Honduras.

The investment of the Standard Fruit Company is about the same. It has its headquarters at Ceiba which is between Tela and Castilla and it is also in a number of manufacturing lines. It has a shoe factory with American shoe machinery and it is interesting to note that the local workers have very quickly learned how to operate this machinery and are very competent. It also has a brewery and some sugar interests—the sugar going largely to a distillery which it owns. It is experimenting with a soap factory to utilize cocoanut oil. The largest interests in the company are also the owners of the Banco Altantida which has become the principal bank in the country.

The investment of the United Fruit Company at Tela and Castilla is very heavy—more than twelve million dollars having been spent in the development of the first station and eighteen million dollars at the second. The wages annually paid by this one company are probably greater than the total of all wages paid elsewhere in Honduras. It employs an average of between nine and ten thousand men and they receive wages amounting to around five million dollars a year. The company has not only built its own banana industry but built and made profitable a banana industry for others. Here are the conditions as recently as 1913:

"When I came to Honduras in 1913 the contract price for bananas on Ulua river was 24¢ for nines. In addition to this we paid an outside company 12¢ to 16¢ per count for river transportation and delivery alongside steamer at anchorage off Ulua bar. Transportation was by means of lighters each carrying from 500 to 2,000 stems of fruit and fruit was never less than sixty hours old when loaded, more frequently, it was seventy-two to eighty-four hours old. At this time all of the product could be disposed of only during the good season; that is, from about the middle of February to the end of June, provided the stage of the river permitted the operation of river boats. During the remainder of the year loadings were irregular; frequently there would be no steamer for a month at a time and at times two or three months would go by without planters being able to ship a stem of fruit. Needless to say, on such an uncertain basis, there could not be any development of the industry, and the planting of even the limited areas from which fruit could be handled with river transportation was risky, to say the least."

Since 1917 the extension of the Company's railroads has made possible the delivery of all bananas by rail. The company takes all the bananas that the independents can grow. The four principal independent planters in the district together own about ten thousand acres of bearing banana land and in a typical year (1926) these four together received approximately six hundred thousand dollars for their fruit. This is profitable farming. They must of course contend with the hazards of weather but the hazards of a market are eliminated. In addition this one company each year buys cocoanuts to the value of about fifty thousand dollars. The cocoanuts are usually grown on abandoned banana land and the cost of producing them is practically only the cost of picking them from the ground.

The importance of the American zone in the economy of Honduras cannot be better brought out than by a comparison of the state revenues derived from the zone and those derived from without the zone. The zone has only 35 percent of the total population but it furnishes 62 percent of the total revenues of the country.

In these Central American states local improvements are not often carried through—partly from lack of will and partly from lack of money. Sometimes the money for improvements gets lost on the way. The American companies have made a practice of carrying through improvements at cost and then taking credit in their taxes. All the American companies in Honduras have thus improved the towns on their lines under arrangements satisfactory to both sides. The work is, of course, done much more cheaply than the towns could themselves do it for the politics which makes

all municipal engineering so expensive is notably absent.

The United Fruit Company has been very active in this respect. In Tela not a single municipal work had been undertaken for five years prior to 1920. Since then the company has constructed a water system for the old town and also supplied an electric lighting system—the water to municipal buildings and for fire purposes and also the electric light is furnished free while the services are sold to private concerns on schedules approved by the state. It has built streets, two school houses, a *cabildo*, a public market and various bridges. These together represent an outlay of about $150,000 and the company charges no interest on the unpaid balances. At Progreso the company has similarly spent $110,000 for a water system, electric lights, street making and public buildings. At Trujillo an electric lighting system has been built with a transmission line from Castilla, the water system has been put in order and the streets paved, all at a cost of more than $90,000 while water systems have been put into Tocoa and Olanchito at a cost of $39,000.

The policy everywhere is to co-operate with the local authorities in any measures which will induce better sanitation or help the interests of education. Many of the services are rendered free not out of any eleemosynary spirit but because every step up in the standard of living is reflected in better political conditions. Prosperity is the foe of revolution.

However in spite of the fact that Honduras without the American companies would be little better than a savage wilderness, the agitation against the American companies is continuous. One of the planks in every political platform has to do with taking their land away from them. A party with

the responsibility of power never tries anything of the sort but the opposition party invariably gives a pledge to rid the country of foreigners. This has nothing at all to do with the land. It is part of a movement kept alive by the Syrian merchants who want to put the American commissaries out of business. The Syrians control more than half of the merchandising of the country and they are supreme everywhere except in the American zones. They cannot undersell the American stores even though they bribe or smuggle most of their goods into the country and also pay no taxes. Their only course is political. However a growing intelligence among the people is checkmating them and removing a real source of danger. For a good part of their trade is in bad liquor and firearms.

GUATEMALA

Guatemala is the largest producer of coffee in Central America and the effects of American investments are not so direct and cannot so easily be reduced to dollars and cents as in Honduras but these investments are critical in that without them the trade of the state could be carried on only by mule back. And that is slow and expensive transport. The two great American undertakings are the International Railways of Central America and the United Fruit Company and they are complementary in their economic effect.

Guatemala is made up of swamps and mountains. The swamps begin at the Caribbean and extend inland for many miles. Then the land rises and the mountains begin. It will be recalled that Guatemala City marks the third attempt to

found a capital which could withstand the volcanic earthquakes of the high plateau. That city is five thousand feet above the sea and the mountains roll on higher to the north while the jagged plateau continues westward and drops abruptly to the Pacific. There are no harbours on the Pacific —only open roadsteads that cannot be used in bad weather and are somewhat dangerous in any weather.

The International Railways connects Puerto Barrios on the Caribbean with Guatemala City and then continues on to the three Pacific ports of San José, Champerico and Ocos. From Zacapa, which is about half way between Puerto Barrios and the City, another line branches off to connect with the railways of the same company in Salvador. Were it not for these railways the transportation of the country would be in exactly the same condition as when Stephens travelled in 1840 (See Chapter V). There are few roads except about Guatemala City—although many are planned. The trade of the country off the railroad is still borne on the backs of Indian porters and mules. The carrying capacity and endurance of both the Indians and the mules is remarkable. And also they are most picturesque—if one forgets that a man who is only a pack animal or a tender of one must live on just about the scale of an animal.

The railway to Guatemala City from Puerto Barrios was completed by Minor C. Keith with the aid of General Thomas Hubbard and Sir William Van Horne. (See Chapter VIII). It had been started by President Barrios many years before and continued by various presidents as they secured the money. It finally stopped at Rancho which is 136 miles from Barrios and 900 feet above sea level. The building had

been expensive—although the valley of the Montagua River is followed—largely because of the extensive fill-ins and bridges that the swamp land made necessary. But from Rancho on the government could do nothing; from that point the railroad had to climb four thousand feet in sixty miles to reach Guatemala City and also to cross no end of chasms and gorges.

The Guatemalan government could not finance the railroad—the portion already built did not even pay its fixed charges under government management. Mr. Keith and his associates completed the road out of their own resources in return for a contract with the government ceding to them the useless road already built and which had practically to be rebuilt, for it was most dilapidated, and also ceding certain adjacent lands along the right of way in the usual method. This adventure would not and could not have been undertaken by Mr. Keith on the strength of the traffic of the country. He had to ensure a traffic and so he had recourse to the same method which he had employed so successfully in Costa Rica—he planted bananas.

To be more accurate, he induced the United Fruit Company, to establish a station in the lowlands which would be served by the railway and also provide a regular ship service from the port. Victor M. Cutter landed at Barrios in 1906 to carve another American outpost from the jungle and the railroad was completed to Guatemala City in 1908. Thus in Guatemala, the whole system of transport rests on the banana.

The full effects of this transportation cannot be expressed in dollars and cents for one cannot know what the country

would be like without the railroad or what the country would be like if the railroad did not have the fast, direct and regular service of fruit ships to the United States. The Pacific steamship service is infrequent, the loading of the ships is expensive—for it must be done in the open sea—and the traffic is available in only one direction. It is not economical to ship coffee to the California ports beyond the amount which will be used west of the Rockies; the ships making New York by way of the Panama Canal must take the bulk of the offerings. One of the advantages of the new line of the railroad running into Salvador is to give that country a port on the Caribbean and the benefit of faster and more frequent service.

The railroad represents an investment of forty-five million dollars and the United Fruit Company has spent about ten million dollars in its developments. The Electric Bond and Share Corporation of New York, through subsidiaries, owns and operates the public services of Guatemala City and their investment is about two million dollars. Sundry other American investments in banks, coffee plantations and so on will account for another two million dollars. A project is under way for the irrigation of the Zacapa plain which is now a desert. This will run into several millions of dollars.

The United Fruit Company holds 271,000 acres of which it has 54,000 under lease, but it has only 26,000 acres planted to bananas and of the unplanted portion only 34,000 acres will be available for planting. The vast acreage had to be bought in order to get the good land and one of the problems is its utilization. These lands extend along the line of the railway for many miles but on account of the nature of the

soil there are no great tracts planted for mile after mile in fruit as in Honduras. The farms are scattered and so also are the company settlements. The shipping offices are at Barrios but the main office is at Virginia, forty miles from the coast while the hospital, which is one of the best in the system, is at Quiriguá, nineteen miles further on. It was here that the explorers of the company came across the Maya ruins which Stephens saw earlier in the century. They may now easily be reached from this station by a company railway. Through the plantations run the usual railroad spurs and tramlines so that the whole area is a banana factory designed to deliver the fruit to the great pier at Barrios with the least possible waste of time and motion.

The company purchases more bananas than it grows, these purchases being on a contract basis. The company obligates itself to take all the sound bananas that the planters can produce and the business is very profitable for the local planters. That it is profitable is shown by the figures. In 1908 the company was able to buy bananas only to the value of $32,000 while in 1927 it paid near $600,000. If the business were not profitable, so many would not have gone into growing.

Since entering the country, the company has paid close to twenty-five millions of dollars in wages. Its expenditures within the country last year for taxes, wages, and purchased fruit ran to about three and a quarter million dollars. The International Railways, the other large American enterprise, paid out more than two millions within the country. These are very large sums in a country of two million people and about the size of Louisiana. They are still larger when it is

taken into account that at least two-thirds of the people are Indians living up in the mountains away from all this work.

The largest total American investment in Central America is in Guatemala, and it has the largest volume of imports of all the countries. Of these more than half originate in the United States.

The section of the coast behind Barrios has been transformed as completely as the coast of Honduras. Twenty years ago Barrios was only a broken down wharf leading to a crazy customs house, an equally crazy *comandancia* and a building that said it was a hotel. The mangrove swamp came to its doors and through the swamp went the streak of rust that called itself a railway. Now Barrios is a port busy with fine ships and bustling with stevedores and clean young Americans. It has a great store—the largest in the country. This is the company commissary and it has branch stores for miles into the country. There is still plenty of jungle but every little while the jungle is cleared for a banana plantation and a modern American village. The towns such as Morales and Los Amates which were only collections of thatched huts are now real towns with water supplies and electric lights.

When the company first started operations it had to bring in Belize negroes—the nationals were afraid to venture into the lowlands. Every labourer lived in a thatched hut and slept on the ground. Not one owned a pair of shoes. To-day the labour is nearly all national and the company has managed to provide houses for all but about one-quarter of the families. When the commissary started the demand was for sandals; then it developed into a demand for brogans. Now

the call is for first class shoes. The food requirements have changed; the diet of the country is rice and beans with a bit of pork now and again, but to-day the poorest labourers in the district manage to have a chicken or other meat at least once a week and pork is on their tables—they now have tables—every day.

That is due solely to the increase in the family income through high wages steadily received. In the beginning the labourers were glad to get seventy cents a day; now common labour gets about two dollars a day and skilled labour from three and a half dollars a day up. That has brought about the change and the practical elimination of malaria and hookworm enables the men to work every day. They can really earn their wages.

These American operations have had still another effect which it is impossible exactly to gauge. Throughout the highlands of Guatemala and in all the coffee districts some of the Indians still exist in a state bordering on peonage. They receive from twenty to thirty cents a day and their food, which makes their wages amount to not more than fifty cents a day at the very most. They are delivered under contract from their chiefs and the common practice is to give them a small sum in cash at the beginning and a certain amount of credit at the coffee *finca* store. This is the only store at which they can buy and they are charged high prices. In consequence they are always in debt to the store. This condition of half slavery was inherited from the Spanish times; it has remained because of the unsettled opinion that coffee can be raised only with cheap labour—just as the cotton sections of the United States were so convinced that they had to have

slaves that they were willing to go to war about it. Now the more advanced Guatemalans are trying to legislate the old system out of existence. The impetus of this social movement came from the high wages paid on the American coast plantations.

For the American companies from the beginning have flatly refused to have anything to do with the system or with the professional *habilitadores* or contractors who supply the labour. That has caused deep resentment among the coffee planters and others who have lived on the woes of the *mozos*, but it is awakening the Indians to a sense of the value of their labour and planting the seed for a modern social organization which will have more purchasing power and be able better to live. Up until the present the Indians have only existed—not lived.

Everywhere throughout the American tropics one has only to investigate to discover that the effect of American enterprise is to establish a measure of mastery over nature and consequently to raise the inhabitants from that level of poverty which subjection to nature always entails. And the total effect, as has been brought out, is becoming widespread. It is not confined to the area of the direct operations.

Two gateways to Honduras. San Lorenzo (above) to which all goods must be lightered from Amapala. The United Fruit Company's port and town at Tela.

A part of Virginia, the United Fruit Company headquarters in Guatemala. Left to right: Hotel, telephone exchange and engineering department, married quarters, commissary, offices.

CHAPTER XIV

THE RENAISSANCE OF COLOMBIA

THE Republic of Colombia may be considered as a Caribbean country for, although it has a Pacific coast and is developing ports on it, the bulk of its commerce now and always must flow down to the Caribbean. Santa Marta is the banana port, Cartagena is the oil port as the terminus of the pipe line, while Puerto Colombia on the sea and Barranquilla behind it on the Magdalena River take the main traffic of the country—for the river is as yet the only freight road into the interior. Construction has been started on a motor highway to connect a part of the interior with the Gulf of Darién and also work is under way to connect the Pacific port of Buenaventura with the interior by rail, but even with that port completed the main commerce must go to the Caribbean.

Colombia has been gradually awakening. Its geography has made it a hermit republic. To-day it has by far the largest investment of American brains and American money of any territory washed by the Caribbean except Cuba. It is developing at a very rapid rate but it is still a hermit republic and a considerable portion of its people do not know that any development is going on, while another considerable portion do not know what it is all about.

Colombia is not a unit; its extraordinary physical condi-

tions have separated it into many divisions and none of these divisions resembles any other division in people, climate or methods of living. Great plains border the oceans to the north and the west rising through a zone of hill country to an immense plateau which is more than a mile above the sea. This plateau is cut by the big rivers—the Magdalena, the Cauca, the Sinu and the Atrato. To the east and the south the plateau falls to the valleys of the Amazon and Orinoco.

The country reaching toward the Amazon and the Orinoco is scarcely explored and the Indians live much as they did in the days of the *conquistadores*. The lowlands of the Magdalena and the borders of the Caribbean are given over to *mestizos* and mulattoes while the pure Spanish blood is in the highlands and principally about Bogotá and Medellín.

The Caribbean coast is hot and entirely tropical; the highlands are cold and one needs an overcoat every night of the year. But so cut off are these various sections from one another—cut off by swamps, by mountains or by rivers —that there is almost no intermingling of peoples and very little intersectional trade. The wonder is that the country ever became a political unit—it might as easily have been half a dozen units.

Since 1903 the country has not had a revolution but its career before that time was troubled enough. This is the nation of Bolívar—who lies buried at Santa Marta—and once as New Granada it included both Venezuela and Ecuador as well as the present Republic of Panama. Its troubles began even before the death of Bolívar, who, when Dictator, fell ill and was forced to turn the Government over to General Domingo Caicedo. In 1830 a new constitution was approved

by Congress, which also elected Joaquín Mosquera President and General Caicedo Vice-President. However, Mosquera was not in Bogotá, and the Vice-President took charge of the Government. A revolution broke out immediately, which the Government was unable to overcome. The revolutionists proclaimed Bolívar the supreme head of the Government and in his absence asked General Rafael Urdaneta to assume charge. Bolívar at this time was in Cartagena, where he had gone to take a ship for Europe. However, his health was declining so rapidly that he was unable to sail, and went to Barranquilla. From there he went to Santa Marta, where he died at San Pedro Alejandrino on the 17th of December, 1830, at the age of forty-seven.

The country was not ready for freedom. Spain had firmly ruled and perhaps Bolívar might have maintained that rule—although he was a fighter rather than an administrator. But with his death great numbers of factions sprang up. None of them was powerful enough to hold long the supreme power in so sprawling a land. And for seventy-five years the record is of revolution after revolution. Not until the economic development began did the revolutions end. The record of revolution is of importance only by way of contrast with the record of economic development.

The people soon rose against Urdaneta and proclaimed the legitimate Government represented by General Caicedo. In April, 1831, at a meeting, the Urdaneta régime retired, and Caicedo took supreme charge once more. Venezuela and Ecuador had seceded. Caicedo called a Congress at Bogotá in October, 1831, to revise the constitution. This Congress gave the country the name "Republica de Nueva Granada"

and in 1832 selected Francisco de Paula Santander as first President, with Dr. José Ignacio de Marquez as Vice-President. Santander was out of the country, having been exiled for his part in a plot to kill Bolívar on September 25, 1828, but returned in October and served a four-year term. In 1837 José Ignacio de Marquez was elected President. He was succeeded by the following Presidents, both of whom were elected to office:

In 1841, General Pedro Alcantara Herrán.

In 1845, General Tomás Cipriano de Mosquera. During the administration of General Mosquera steamship traffic was first begun on the Magdalena River.

In the election of 1849, the two parties, Conservatives and Liberals, appeared for the first time. The Conservative candidates were Dr. Rufino Cuervo and Joaquín José Gori. The candidate of the Liberal party was General José Hilario Lopez. As none of the three obtained a majority, Congress was called upon to decide and it elected Lopez.

In 1853, General José Maria Obando was elected President and General José de Obaldia Vice-President. On the 17th of April, 1854, General José Maria Melo, who was in charge of the army, overthrew the Government without bloodshed and took charge as Dictator. Congress was dissolved, and Obando and various of his Ministers imprisoned in the capital. The legitimate Government was still supported by the mass of people. A Congress was held in the city of Ibague at which President Obando was accused of complicity in Melo's plot. He was removed from the Presidency, but the Supreme Court of Justice absolved him of re-

A labourer's shack in Panama (above). A labourer's cottage on an American plantation nearby.

Bocas del Toro, Panama, which was once as fever-ridden as Panama City. Before and after being drained and paved by the United Fruit Company.

bellion and treason. This Congress designated Vice-President Obaldia to exercise the supreme power.

The dictatorship of Melo did not last long. Sentiment was against him throughout the country, and he was overthrown by an army under the leadership of four former Presidents: Marquez, Herran, Mosquera, and Lopez. After the restoration of the legitimate Government, Obaldia remained in power until replaced in 1855 by Dr. Manuel Maria Mallarino, who was elected Vice-President in that year in accordance with the terms of the constitution whereby the election of the President and Vice-President occurred in different years.

From 1858 to 1861 the country was known by the name of the Confederación Granadina. Dr. Mariana Ospina, who had been elected in 1857, installed the constitution of the new régime. In 1859 Mosquera rebelled. The Government troops took the field under General Herran. After having been defeated in one battle and refused amnesty by the President, Mosquera joined forces with General Lopez. Then the Presidential term expired, and as it was impossible to hold elections, the Government was placed in the hands of the Procurador General de la Nación, Dr. Bartolomé Calvo.

On the 18th of July, 1861, Mosquera captured Bogotá, shot several important citizens, and imprisoned ex-President Ospina at Boca Chica in Cartagena. Mosquera was recognized by the revolutionists as Provisional President of the United States of New Granada. He convoked a Congress to draw up a constitution, which was duly approved in February, 1863. This Congress elected Mosquera President and

changed the name of the country to the United States of Colombia.

During the life of this constitution there were many Presidents, some of whom were elected by popular vote for a period of two years, and others for a very limited time as attorneys of the nation. Of the latter were Rafael Núñez, Santiago Perez, Manuel Murillo Toro, General Santos Gutiérrez, Tomás Cipriano de Mosquera, Julian Trujillo, and Francisco Javier Zaldua. The following Presidents were elected by popular vote: Manuel Murillo Toro, 1864; Tomás Cipriano de Mosquera, in 1866; Santos Gutiérrez, 1868; Eustorgio Salgar, 1870; Manuel Murillo Toro, 1872; Santiago Perez, 1874; Aquileo Parra, 1876; Julian Trujillo, 1878; Rafael Núñez, 1880; Francisco J. Zaldua, 1882; Rafael Núñez, 1884.

During his term of office, Mosquera declared himself Dictator. A garrison in Bogotá revolted, and he was overthrown. Acosta was declared President by the troops and finished the Presidential term. In 1884 there was another civil war. At its conclusion, President Núñez again changed the constitution and the name of the country to the Republic of Colombia.

The constitutional convention selected Núñez President. He entered upon his term in 1887, but retired the following year, and Dr. Carlos Holguin ran the Government until 1892. In this year Núñez was again elected, but as he again refused to participate actively, Vice-President Miguel Antonio Caro served in his stead for six years. Dr. Manuel Antonia Sanclemente was elected President, and José Manuel Marroquin Vice-President in 1898. The next year a revolu-

tion broke out which lasted for three years. Sanclemente was removed from the Presidency and Marroquin, in the capacity of Vice-President, finished the term. General Rafael Reyes was elected and served from 1904 till 1909. During a portion of this time he was practically a dictator. But he ended revolutions.

Congress assembled in 1909 and designated General Ramon Gonzalez Valencia to serve for one year. General Valencia convoked a national assembly which elected Dr. Carlos E. Restrepo for a period of four years, beginning in 1910. In 1914, José Vicente Concha was elected. He was followed in 1918 by Marco Fidel Suarez, who was also popularly elected, but served only until 1921. General Jorge Holguin finished the term. In 1922 General Pedro Nel Ospina won the election and was followed in 1926 by Miguel Abadia Mendez.

So much for the formal political history. Colombia is naturally one of the richest countries in the world. Its main product is coffee, after which come petroleum and bananas. It also has gold, coal, iron, and fertile plains for the growing of corn and the raising of cattle. Our bankers have made loans in the state amounting to forty-six million dollars, of which eight are to departments (which correspond roughly to our states), three to cities, and one to the government mortgage banks. The government itself is seeking a loan of one hundred million dollars, of which the first twenty-five million has been arranged for. All of these loans, excepting the one to the mortgage banks, are for public improvements of a constructive nature, such as railroads, highways, paving, water systems, and so on. Our big money is in commercial

enterprise and totals about a hundred and thirteen million dollars. The large items are eighty-six millions in one oil company and its pipe line and in the fruit company at Santa Marta which has put in around fifteen millions. Our other holdings are in mines, electric light plants, and some oil lands which are not yet productive.

The loan money being spent to-day is largely to open up the interior and make the natural wealth available.

Take the Department of Antioquia—which differs from all other parts of Colombia in that the people themselves understand how to do business. They own their own railroads and they run them well. They own their own waterworks in the city of Medellín, and also the electric plant which gets its power from the water supply. And this is a province almost as far out of the world as Thibet. It nestles in the Andes behind vast ranges of mountains. If there is a foot of level ground anywhere, it has been made so by men. To reach Medellín one must travel up the Magdalena River for a week or more by boat—depending on the state of the water—or take an airplane. There is a regular air service owned and managed by Germans which has been going for seven years without an accident. This is also the only method by which anyone to whom time is an object can reach Bogotá, the capital of Colombia and eight thousand feet in the air. It is half a day by air to Puerto Berrío and another day by rail to Medellín—with a climb of about five thousand feet. The railroad stops at a great hill some thirteen hundred feet high and climbing stiffly out of the narrow gauge cars one has to rub one's eyes. For in an open space by the station is a fleet of the finest eight-cylinder American motor cars and heavy

five ton trucks. These belong to the railroad and are waiting to take the passengers and freight over the hill for some five miles to where the tracks start again. Those automobiles are a sign of the management of the Department. It has authorized a loan of twenty million dollars which it is taking gradually for public improvements. The big hill will in several years no longer have the fleet of trucks, for a Canadian firm —on American money—is driving a tunnel through two and a half miles of solid rock. Beyond Medellín an American firm has just completed a stretch of railroad continuing the present road down to the Cauca River which will avoid the worst part of the journey up the Magdalena.

And here in the heart of the mountains you will meet camps of young American engineers in riding breeches, hiking boots, and sombreros, cheerily and well doing one of the most difficult bits of railroading ever attempted and bossing some four thousand natives in a fluent and persuasive language which they believe is Spanish—and which the *mozos* have come to understand. This road crosses chasms on spidery steel trellises, takes short cuts through a dozen tunnels, circles mountains on narrow shelves cut into the rock, and, in short, does everything known to railroading except travel on level ground—for of that there is none. The railroad is being pushed through in about one-tenth of the time which it took to build the other and less difficult railroads in the department, and there is no comparison in the work. The road bed is smooth and even; the tunnels are faced with masonry, lined with concrete, and lighted by electricity; the retaining walls are solid stone built for centuries; and although every little while you will see a cross or a cluster of

crosses marking where men were killed, the loss of life has been slight as compared with that of similar undertakings. You will find steam shovels, caterpillar and other tractors, big trucks, and all the modern American machinery of railroad building, and it is hard to realize that every pound of this has come up the Magdalena River and been toted, bit by bit and much of it by muleback, into the heart of the mountains and there assembled.

American engineers are becoming a common sight in Colombia. One American company has started work on an automobile road from Medellín through the mountains to the sea—an enterprise of courage and daring. An American construction company is rebuilding Manizales, a coffee town in the interior that can be reached only by muleback and which was destroyed by fire. Americans are building a mole at Buenaventura, the Pacific port, and another company is engaged in opening the mouth of the Magdalena River and building dikes in an effort to make it self-dredging and permit seagoing ships to enter. Our foremost engineering skill is being directed toward opening up this hermit republic which to-day wastes probably two-thirds of its energy carrying its products and its purchases on the backs of men and mules.

Already the benefits are beginning to show. There is a shortage of labour and the rate for common labour has risen from thirty or forty cents a day to a dollar and a half a day in the sections where work is being done. The *moɀos* are buying shoes and sometimes wearing them. They are eating meat. A packing plant which was built by Minor C. Keith to export beef has never been able to catch up with the local demand, much less to export. Because of the high duties and

the cost of transportation, an American automobile about doubles in price by the time it reaches the interior, yet the plaza in front of the cathedral of Medellín has a parking problem—and this in spite of the fact that there is not a ten mile stretch of road in any direction. The raising of the wage scale is slowly forcing the use of machinery and jolting people into the understanding that a change is coming about in the world and that more liberty can be had out of the machine than out of a dozen constitutions.

The oil and the banana production are on the lowlands. Although one hears a great deal about the dominance of American oil interests, only one company is actually producing and shipping oil. This is the Tropical Oil Company at Barranca Bermeja where it has built a large modern town and an oil refinery. This town is on the Magdalena River in the low waste country where living was formerly thought to be impossible. From the oil fields behind Barranca extends a pipe line, owned by the Andian Corporation, to Cartagena on the Caribbean about four hundred miles away. These two corporations represent an investment of eighty-six million dollars and both are controlled by the Imperial Oil Company of Canada, which is a subsidiary of the Standard Oil Company of New Jersey. Their oil fields were bought for cash from private owners, thereby turning a number of land poor gentlemen into millionaires who are now residents of New York, Paris, or Madrid. The companies have no monopolistic rights of any kind. Their sole agreement with the government covers the tax to be paid on oil, which amounts to upwards of ten million dollars a year. The government itself could not have developed these oil fields—in the first

place because it did not own them and in the second place because it could not command either the technical skill or the money. Most of the wells are very deep and the production is expensive.

Several other oil companies own lands, the value of which is not yet demonstrated, and are drilling but not producing. One hears of many great concessions but mostly they fade away on investigation. The only other large oil affair now actively being pushed is what is known as the "Barco Concession," which is in rather a complicated state and has had considerable notoriety. It dates back about eighteen years and covers nearly a million square hectares of land out toward the Venezuelan border. It was granted to the Barco family, who are prominent Colombians, and the terms were not only accepted by the government but the grant itself was used in the evidence presented in a boundary dispute with Venezuela. The Barco family sold out a portion of its interest to an American Oil Company. Part of the revenues from oil drilling were to go to the Church, another part to local improvements, and still another portion, amounting under certain conditions as high as thirty-seven percent, to the national government. Out of the development the Church and State could probably receive a larger income than the developing company, but in spite of this the grant has been annulled.

The operations of the United Fruit Company about Santa Marta read like the story of a boom town. A few bananas had formerly been grown thereabouts but there were no regular shipments and the planters had to ship on consignment with the chance of never getting any money or taking the

The banana grows upside down.

An irrigated banana plantation in Colombia (above). An unirrigated plantation in Honduras.

alternative of fifteen or twenty cents a bunch. An English company had built a narrow gauge railroad but it scarcely paid running expenses. The United Fruit Company came next. It built a dock and a town and later bought control of the railroad. It maintains a hospital and a number of camps, all with sanitation, electric lights, and water, but it grows only about half of the fruit it ships. The other half is grown by nationals.

And here is what has happened. The town of Santa Marta has during the term of the fruit company grown from 6,000 to 30,000 people. The town of Ciénaga has grown from 8,000 to 40,000 and probably contains more wealth per inhabitant than Greenwich, Conn. At the beginning of the century one man in the district was said to be worth half a million dollars, and it is estimated that about twenty-five people had a worth of ten thousand dollars or over. Now there are more than a hundred people who can sell out for a quarter million or more and also have large incomes from their plantations.

This is the same land as before, the railroad is the same, and the climate is the same. The only difference is that the American company taught how to grow bananas, contracted for all that could be raised at a price which is now sixty cents a bunch, and provided a regular ship service to get the bananas to market. The wages of agricultural workers have risen from around fifty cents a day to $75 a month, while the dock workers since the introduction of automatic loading machines will average from $75 to $90 a week. Twenty-five years ago the district shipped less than three hundred thousand stems of bananas a year. Now it ships in excess of ten millions.

This company has an investment in the country of about fifteen million dollars but it annually pays out within the country in fruit purchases, wages, taxes, and so on around nine millions and to date has paid out over a hundred million dollars. Formerly the country had to depend on intermittent transport for its passengers, mail, and freight, but now this company alone maintains schedules which give about two hundred ship calls a year, while it carries the mails free—which means a present to the country of around $200,000. a year. It has no concession at all from the government.

Take another example. The city of Barranquilla has no paved streets except in one section developed by an American. It is probably one of the most uncomfortable cities in the world in the dry season, for the carts and motors grind the dry mud from the rainy season into a layer of fine powder six or eight inches deep, and the trade winds do the rest. Its water is not only undrinkable but the supply is so short that often the city is without water except for an hour or two a day. It has no sewers. The city wanted to borrow money, and it had an ample income to warrant a considerable credit, but no American bankers would lend money without a sequestration of the revenues and without a supervision of the spending. Finally an American worked out a kind of city manager plan by which all receipts and expenditures are supervised by a committee of three—one elected by the local chamber of commerce, one appointed by the town council, and the third as the representative of the bankers. On this plan the city borrowed $4,000,000 of which $1,500,000 has been taken, and it is now economically getting

a water and sewage system, and when these are finished it will get paved streets. The experience thus far is that annually after the debt service the city has a greater income left over than its previous entire income. As far as the citizens are concerned, they are getting their improvements for nothing!

The city has an ancient electric light plant which is quite insufficient for the town, runs only during the night hours, so that power is not available for industry, and frequently breaks down. Every hotel and house keeps constantly at hand a supply of lamps and candles. The plant is owned by a Colombian family which lives abroad. The company has a monopoly and charges very high rates. The Electric Bond and Share Corporation proposed to buy this plant from the family for a million and a half dollars, put in a new plant which would give twenty-four hour service, and also agreed to cut the rates in halves and pay two percent on its gross income in taxes, if the city would give it a franchise for fifty years—not a monopoly but merely the right to do business for fifty years.

The citizens of the town were solidly for any plan which would give them better service at lower rates. But the agitators took the proposed contract as a basis for agitation and they went so far that finally the government had to prohibit all assemblies and mass meetings. And someone not in the picture furnished some thousands of dollars for printing, meeting halls, and the support of the alien agitators.

And thus in conservative Colombia the prosperity and standards of living are being raised. Its exports in 1922 were

around fifty million dollars, while to-day they exceed a hundred millions—nearly ninety percent being bought by the United States. And the imports, which are a surer sign of prosperity among the people, are increasing on the same scale.

Cutting the ripe fruit for its journey to the United States (above). The "backer," who loads it on a mule or carries it to the nearest tram.

A career in the making. Victor M. Cutter, now president of the United Fruit Company, as an overseer on a plantation in Costa Rica in 1904.

CHAPTER XV

REVOLUTION, POVERTY AND A CONTRAST

NICARAGUA, except for the thirty years from 1863 to 1893, has been rather continuously in turmoil. From 1893 until 1909, under the Dictator Zelaya, this state was a source of trouble and expense to all the states of Central America and it was in order to curb the mischief-making activities of Zelaya that the Washington Conference was called in 1907. During most of the time since 1909 Nicaragua has been a source of trouble and expense to the United States and also to the states bordering on it. It is the meeting ground of the riff-raff of Latin-America. It is to-day the only remaining state in which a criminal outcast can find a suitable criminal employment in some enterprise that can be dignified by the name of revolution. It is the only country in which foreign capital is not safe and, although for some curious reason this country is invariably held up as the outstanding example of what is known as "American imperialism," it is actually the only country of Central America in which American interests are negligible and in which Europeans likewise have very little capital.

That insane rivalry between the Liberals of León and the Conservatives of Granada that originally brought William Walker into the picture and which has from time to time

brought armies from all the Central American states to Nicaraguan soil prevented the development of resources which would have followed the operation of the Transit route by Commodore Vanderbilt. Since that time it has prevented any extensive national development. And thus a rich country has been allowed to lie fallow.

In sharp contrast is little Salvador which, with only a fraction of the natural opportunities of Nicaragua, has developed into a prosperous and peaceful state through the aid of an American railroad and an American loan.

The Caribbean coast of Nicaragua is not very suitable for banana growing. The land will grow bananas but it will not grow them as well as, say, the coast of Honduras. Although the Standard Fruit Company and the Cuyamel Fruit Company maintain plantations, they are not very active and are not being extended. The properties of these three companies represent an investment of about a million dollars. The Standard Fruit Company and the Bragman's Bluff Lumber Company are more in lumbering than in the banana business and have an investment of about two million dollars. These are the principal American investments.

A good deal of money has from time to time been spent in oil prospecting and in mines. The oil money is a dead loss, for no oil has ever been found, while more money has been spent on the mines than has ever been taken out. The gold exports from Nicaragua will run about three-quarters of a million dollars a year and La Luz y Los Angeles Mining Company is the most active, while the Santa Rita mines from time to time have been active. The Tropical Radio Company has a station at Managua and an investment of perhaps a

million dollars. The other American investments are all small and consist of coffee plantations and lumber companies and altogether amount to scarcely two hundred thousand dollars. Seligman & Company, who have been among the involuntary bankers for the state, made a short term collateral loan in 1927 to meet urgent revolutionary expenditures. Most of this has been paid off. A New York banking firm has lately purchased the electric light, ice and water systems of Managua and R. W. Hebard & Company have a contract to pave the same city.

Of large scale developments there are none. Of concessions there are many. No one knows what they are—for Zelaya granted them by the thousands. No one cares what they are —for nothing is being done about them. Since 1912 the United States, except for a period of less than a year, has had to keep marines in the country to protect it from drifting into as complete an anarchy as during the days of William Walker.

Nicaragua has a railroad from Corinto on the Pacific through León and Managua to Granada, a distance of one hundred and eighteen miles. This road has twenty-seven miles of branches and that is all the railroad there is in Nicaragua. It has just fifty-three miles of fairly good highway and one hundred and sixty-five miles of road that is passable part of the year from Managua to Matagalpa. Those are the only roads. There is no road or other connection between the interior and the port of Bluefields on the Caribbean. The old Transit Route is now considered too dangerous to use. The wages of labourers on the plantations are very low—even lower than in Guatemala and will seldom

run above twenty-two cents a day and found. In the lumber camps the wages will go as high as sixty cents a day and found. The wages are both a cause and an effect. The continuously upset condition of the country has never permitted that development out of which higher wages might come and the *mozo* who at the best can hope merely for sustenance has nothing to lose and everything to gain by joining a revolutionary army. It has been everywhere demonstrated in Central America that a well-paid man does not lightly go to war.

During 1909 a revolution against Zelaya began at Bluefields. It was headed by General Juan J. Estrada and among his supporters were Adolfo Diaz and General Emiliano Chamorro who both have since been continuously in the front of this state's affairs. This revolution might have gone the way of numerous other uprisings against Zelaya had it not been that he captured and executed two American soldiers of fortune, Cannon and Groce, who were charged with laying mines in the San Juan River. Thereupon Secretary Knox dismissed the Nicaraguan Minister to Washington and the United States actively took the side of the revolutionists.

Zelaya gave way to a president of his own appointment. He attempted to blockade Bluefields, but an American warship intervened and finally the revolutionists captured the government and in due course General Estrada became president and Adolfo Diaz vice-president.

The financial affairs of the country were in a desperate condition. Zelaya had inflated the currency to a point where it was nearly worthless. He had refunded the old debts to England with a group known as the Ethelburga Syndicate of

By mule or steam tram the fruit goes to the main line of the plantation railroad.

The bananas go directly from the plantation train to the ship by machinery and from the ship to the train by machinery on arrival in port. Loading at Puerto Barrios (above). Unloading at New Orleans.

London and issued bonds to them to an amount slightly in excess of six million dollars. The interest on this loan was in default and Great Britain was threatening to intervene. And in consequence of the revolution nearly eight thousand claims for damages had been filed against the government by both Nicaraguans and foreigners.

In order to straighten out the finances, to obtain a currency of a stable nature and to get rid of the fictitious claims as well as to fund the valid claims, Secretary Knox negotiated a treaty which was known as the Knox-Castrillo Treaty. A Mixed Claims Commission was set up under American auspices and it reduced around thirteen million dollars of claims to less than two million. The Treaty provided for a refunding of the national debt by a pledge of customs duties —which duties were to be collected by an American unofficially to be appointed by Washington and the whole finances of the state were to be put in charge of an American agent. It was expected that under this arrangement Nicaragua would borrow fifteen million dollars and complete the railroad to the Caribbean. That railroad would probably end most of the revolutionary troubles, for quite aside from its effect upon traffic and the giving of a Caribbean port with a line into the interior, it would also permit quick troop movements and the easy suppression of revolution.

It was expected that this treaty with the loan would be duly ratified by both states and end the chief cause of disturbances in Central America. Brown Brothers and J. & W. Seligman & Company, both of New York, undertook at the unofficial instance of the State Department to place the loan. Although they did not care to carry out the full loan until the

treaty was ratified, they advanced one million dollars in 1911 pending ratification. This loan was secured by the customs receipts which was the only security to be offered. And the bankers nominated Colonel Clifford D. Ham as collector-general of customs.

The Senate held up the ratification of the treaty and Nicaragua constantly needed more money. The bankers made a number of short time loans practically on open account and in one of them took as security an option to buy fifty-one percent of the stock of the railroad. The Senate finally refused to ratify the treaty under what seems to have been a misapprehension of what it was all about and out of these circumstances arose a situation which has been diligently—and it would seem maliciously—exhibited as a case of American financial imperialism.

In August 1912 Luis Mena declared war on the Government. This led to the landing of a force of American marines and Mena was eventually taken out of the country on an American ship. Thereupon a new election was held and Adolfo Diaz was elected for the term beginning January 1, 1913. The United States forces were withdrawn with the exception of a legation guard of one hundred marines stationed at Managua—this guard was maintained until 1926.

When President Woodrow Wilson came into office in 1913 with William Jennings Bryan as Secretary of State they surveyed the Nicaraguan situation and could not discover any other method than that which had been devised by Secretary Knox for preserving the tranquillity of this state—and consequently of the group of states. The Knox-Castrillo Treaty had become impossible of ratification and in its stead Secre-

tary Bryan negotiated a treaty with General Chamorro on somewhat the same lines as the former treaty but without the arrangement for a loan—for by this time the State Department could not promise that any American bankers would lend any money whatsoever to Nicaragua.

The new treaty, however, provided for a direct payment by the United States to Nicaragua of three million dollars in return for the exclusive right to construct a canal and also to erect a naval base in Nicaragua on the Gulf of Fonseca. The legation guard had remained at Managua without any particular status and this treaty recognized the right of the United States to intervene in the affairs of Nicaragua "when necessary to preserve her independence or to protect life and property in her domain." And further, Nicaragua agreed not to declare war without the consent of the United States nor to enter into treaties with foreign governments affecting her independence or territorial integrity. This "protector" portion of the treaty was withdrawn in the Senate and the final treaty was proclaimed on June 24, 1916. Immediately Costa Rica and Salvador protested the treaty to the Central American Court of Justice—the first on the ground of having rights in the San Juan River and the second on the ground that it would be somehow dangerous for the United States to have a naval base in the Gulf of Fonseca. Nicaragua denied the jurisdiction of the court. The court found that Nicaragua had violated the rights both of Costa Rica and Salvador but declined to declare the treaty void. Neither the United States nor Nicaragua paid any particular attention to the decision of the court—which was anomalous—and soon the court passed out of existence.

The entire financial transactions growing out of the proposed loan of fifteen million dollars under the Knox-Castrillo Treaty were very slight. The advance of one million dollars was fully paid off by September, 1919. In 1913 the bankers exercised their option to buy fifty-one percent of the stock of the railroad for which they paid one million dollars. The road was not then earning its operating expenses because under government ownership and management no one of political influence paid either fare or freight and the staff was enormous. The bankers put the road under the management of J. G. White & Company, New York engineers, who at first received ten thousand and later fifteen thousand a year for their services. This fee was less than their expenses but they undertook the management in the ultimate hope of constructing the road through to the Caribbean. During their management they almost rebuilt the road out of earnings and brought it up to a surplus of around four hundred thousand dollars a year. In 1920 the republic bought the railroad back from the bankers paying them a profit of three-quarters of a million dollars in cash and Treasury bills the last of which were paid in July 1924. The American customs agent has remained under the agreements chiefly as an agent to collect for the benefit of the British bondholders and the High Commissioner has exercised a supervision over national finances.

The National Bank is an American corporation but all its stock is owned by Nicaragua. Its formation came about through the necessity of establishing a stabilized currency at the end of the Zelaya régime when the country was, because of inflation, practically without a currency. A gold standard

could not be established because there was not sufficient gold and therefore the expedient of the gold exchange system was resorted to and this bank created both as a bank of issue and an ordinary banking institution with an American banker as manager. In 1927 in the midst of a revolution which will later be described Messrs. Seligman through the bank gave a credit of one million dollars. That is the entirety of the American participation in the finances of Nicaragua.

The difficulties in Nicaragua have not at all been due to borrowed money but rather to the lack of it combined with the almost insane hatred between the Liberals and the Conservatives, which goes back, it will be recalled, to the very founding of the state when León and Granada were both willing to call in the mercenary troops of any nation to defeat the other.

That hatred is as strong as ever it was. Zelaya, the dictator, was a Liberal. He was overthrown by a revolution of Conservatives who in the interests of a general peace were helped by forces of the United States. The legation guard which remained at Managua prevented revolutions in that it made impossible the capture of Managua by any revolutionary army. The party which is in power in Nicaragua—controls the presidential elections. Therefore simply by reason of the fact that it made the capture of Managua an impossibility, the legation guard kept the Conservative Party in power.

In August, 1925, this guard was withdrawn. The time was inopportune. In 1920 Diego Chamorro had been elected president and Bartolomé Martínez, vice-president. In 1923,

Chamorro died and Martínez became president. He made the usual preparations to succeed himself for the term beginning January, 1925, and began trading with the Liberals.

General Emiliano Chamorro, the strongest man in the country, also prepared to become president. He was the head of the old Granada family and had formerly been president. He asked that the United States supervise the election but this the State Department refused to do.

It is quite generally believed that Chamorro was actually elected president but the official returns made one Carlos Solorzano, a Conservative, president, and Dr. W. B. Sacasa, a Liberal, vice-president. Chamorro took possession of the Loma, the fort that holds Managua, and Solorzano resigned, Sacasa fled. He started a revolution at Bluefields and the old Liberal-Conservative revolution was on again.

Chamorro had himself made designate and then turned the presidency over to a friend. The United States had to refuse recognition to this government—as having gained office by force. Then the Assembly came into extra session and elected Adolfo Diaz as president—the same man who had become president after the Zelaya revolution. To him the United States gave recognition. In the meantime Dr. Sacasa had been in Mexico. He returned, set up a government, and had himself recognized by Mexico. This was towards the end of 1926 and thus within less than a year after the few marines had been withdrawn from Managua the country was plunged into a civil war that promised to reduce it to the condition of the Walker times.

President Diaz asked the United States for protection on the ground, among others, that Mexico was inciting rebellion.

And again American marines went into the country and in force. But the revolution was not easily to be disposed of, for the Liberals were led by an exceedingly able general—José Maria Moncada.

Finally during 1927 President Coolidge sent to the country Henry L. Stimson as a special representative to create a peace. He managed a settlement with General Moncada by which an election should be held under American supervision and at this election, supervised by Brigadier General Frank R. McCoy, General Moncada was on November 4, 1928, elected president to take office the following January.

At the time of writing the marines are still in the country, various bandit movements are destroying property, and the United States, in the support of its forces, has spent much more than enough to build a railroad across the country. The country is heavily in debt and is faced with some millions of dollars in claims growing out of the revolution.

Contrast Salvador. Little Salvador has lost the habit of revolution. It is only a tiny country of seven thousand-odd square miles, literally hanging on the shores of the Pacific, but it has more than a million and a half people and is thus second in point of population to Guatemala, which has around two million people, but is seven times as large.

Salvador, like Switzerland, has made the most of its mountains and, with fewer natural advantages than any of these republics, has forged its way ahead through coffee growing. The chief barrier to progress in all of these countries is revolution, and Salvador has not had a revolution since 1898. One of the principal reasons is that a railroad runs practically the length of the country. Thus troops may be

mobilized anywhere within a day. This means that they do not have to be mobilized and the people can use the railroad to transport their products through all seasons of the year.

There are now no regular steamship services to Salvador. Two services are maintained by American lines running through the Panama Canal, but since both lines pick up cargoes where they can get them, they cannot keep very closely to schedule. Also Salvador has only one real port, which is Cutuco out from La Union at the terminus of the railroad on the Gulf of Fonseca. The ocean coast of the country has no ports and one must land by launch and be hoisted up to the pier in a swinging chair arrangement.

Salvador has an American loan. (See Chapter VIII). This loan was made in 1922 principally because the English loan was in default. It is a consolidated loan under which an American fiscal representative, W. W. Renwick, collects seventy percent of all the imports and exports. Mr. Renwick for the first time worked out an actual classification of all the duties and also abolished one of the great evils of Central American finance, which is the power of the executive to give individuals the right to have their goods come in free. He took entire charge of the personnel of the revenue service and now the government, instead of having him collect only seventy percent, has him collect the entire customs revenue and has made certain regular appropriations out of it which are earmarked for paving and sanitation.

Under the administration of Mr. Renwick and without any increase in the duties, the full debt service for each year has been finished before the first of June, while under the old methods the entire customs service apparently did not yield

The hazards of banana growing. A washout (above). A blow-down.

Wherever a train stops in Central America. This is on the line of the International Railways in Guatemala.

enough to serve the small English debt of five million dollars. The loan was partly a consolidation but also gave some new money. The new money was mostly spent, under supervision, in providing the city of San Salvador with modern municipal improvements. This work includes a water system, sewers, electric and telephone ducts, and street paving. The work was done by R. W. Hebard & Company and, because everything was done at once, the cost was less than five million dollars. Now, out of the portion of the funds collected by the fiscal agent and practically out of money which before his régime never saw the light, a road program is being undertaken for the whole country.

The one thing which all parties in Salvador seem to agree on is that the American loan has been a success and this in spite of the fact that the customs receipts of the country are pledged. The rub in these arrangements, which not only pledge revenues but have them collected by a foreigner, is that it involves a loss of sovereignty—which is true. But the situation has been so humanly handled by Mr. Renwick that no one seems to bother about the technical situation. The English bonds which were in default were a lien on the customs. It was the British who discovered that the customs were the only tangible assets on which to lend.

The present financial arrangements and all the improvements were started under the administration of Don Alfonso Quiñonez, who held office from 1922 until 1927. He is by far the most able man who has ever been President of the republic, and with his Foreign Minister, Dr. Arrieta Rossi, made a team which took the country farther forward than in any previous period of its history.

Neither of these states has come within the workings of the American system as exemplified on the shores of the Caribbean. Nicaragua is in the stage of economic barbarity. Salvador has had the benefit of only a small fraction of American enterprise, yet this little has caused it to stand in bold relief against its sister republic across the Gulf of Fonseca.

CHAPTER XVI

RESEARCH IN THE AMERICAN TROPICS

THE progress of American industry—reduced to elemental terms—has been due to the application of the results of research in such fashion as to increase both production and consumption. Neither production nor consumption is an end in itself. They exist only for the purposes of mankind. If the whole economic equation could be stated, undoubtedly the largest factor would be the human one and then we might gain some notion of the material value of physical health and therefore of both preventative and curative medicine.

In the present state of our knowledge of economics we can only guess at the factors in the economic equation and their relative values. But the results of applied research by the United States in the Caribbean are already sufficiently apparent roughly to estimate something of the value of American enterprise. Probably further research—scientifically applied—will make the achievements to date seem insignificant. Certainly we have not as yet learned much of the utility of the tropics—we know more of the difficulties than we do of anything else.

Both of the two great products of the Caribbean are the result of research. It was a rough sort of research that caused the Spaniards to bring over bananas and, later, coffee to see

if they would grow. A very high form of applied American industrial research has not only made the banana a staple food but has grown it in regions that the Spaniards thought were not habitable by man. This brings one to a consideration of the present economic possibilities of medical research throughout the Caribbean.

Up to the present time this research has been almost entirely in the hands of three American agencies—the United Fruit Company, the United States Army and the Rockefeller Foundation. The first two of these agencies have found sanitation and research a necessary incident to their work. The third agency is eleemosynary. Another foundation in memory of General Gorgas is starting work.

It seems rather probable that during the time of the *conquistadores* malaria and yellow fever did not exist in the Caribbean. They apparently were importations from Africa or Southern Europe, but it is also very certain that they appeared comparatively early for they ravaged Puerto Bello and other Spanish seacoast towns. They defeated the French efforts to build the Panama Canal, for the French after losing at least twenty-two thousand lives in nine years abandoned the project in the belief that for white men the Caribbean littoral was uninhabitable.

But during this time, while the French were failing, the men who organized the companies which afterward combined as the United Fruit Company were growing bananas in various parts of the Caribbean. It is true that none of the banana zones had the conditions of Panama City, Colon and Havana but there were great problems at Port Limón, Santa Marta and Bocas del Toro. At Port Limón one of Keith's first

American engineers at work in Antioquia, Colombia.

Primitive water systems. A travelling supply in Colombia (above). Another tank system in Honduras (middle). A tank in Guatemala City.

acts after completing the early portion of the railway was to obtain a contract from the Government to fill up the swamps around the city and obtain a better water supply and sewage disposal. He had not the funds to go forward as the United States did in Havana, but if he had been possessed of the funds they would have done him little good, for it was not until the work of Dr. Walter Reed in Cuba that medicine discovered the source of yellow fever. But these pioneers did demonstrate that men from the United States could live on these shores and also that negroes from Jamaica could do likewise by attending to the elemental principles of sanitation. That is a fact often lost sight of.

The United Fruit Company began business the year after Dr. Reed and his companions in Cuba solved the yellow fever problem and showed that the Stegomyia mosquito must be destroyed. The practical application of this discovery was simple. By filling, draining, oiling and otherwise destroying the breeding places of the poisoning mosquito, and by thoroughly screening all human habitations, yellow fever could be stopped at its source. The epidemics that had ravaged Cuba and the tropics, that had periodically swept over the South and occasionally reached even the ports of New York, Philadelphia and Boston, might if the work were done effectively, be ended forever.

At its first hospital in Panama the fruit company began the fight. The first medical director, Dr. Robert E. Swigart, states:

"The struggles of this division directly after the organization of the United Fruit Company, through revolution, pestilence, wind and flood, mark an era in sanitary development.

The sanitary procedures incident to Dr. Reed's findings were inaugurated under Colombian régime, before the arrival of the Americans on the zone. It does not detract from the extraordinary and efficient sanitary organization which made possible a Panama Canal to refer to the pioneer work of the United Fruit Company, and to point to our effort in comparison with that of the French. The health of this extensive district is a matter of record, and the statistics show a sick rate which is normal for any community of its size in the world."

It is generally supposed that sanitation by such methods and on such a scale as to secure the mastery of tropical diseases, was first undertaken in Panama by the United States government when General Gorgas began the thorough work that made the canal possible. But already the hospital service of the United Fruit Company and the results of its effective work had gone far enough to be almost invaluable to General Gorgas and his force in reopening and clearing the Canal zone, and cleaning the old cities of Colon and Panama City.

It was not until March 1, 1904, that General Gorgas, having completed the cleaning of Havana, was called to undertake his greater task on the Isthmus. At that time the United Fruit Company controlled 500 square miles of territory, and had in its employ 20,000 men. This was an achievement brought about by the same insistence upon sanitation and the same relentless war on the mosquito which, followed in the Canal Zone, insured the success of the Americans where the French, for no other reason than lack of such safeguarding of health, had so signally failed.

The larger resources made available by the organization of the United Fruit Company permitted the general putting into effect of the knowledge gained at Havana and Panama. It supplemented that knowledge by aiding in the establishment of a department for research in tropical diseases at Tulane University and has since aided other universities. Today it maintains good-sized, modern hospitals at Almirante in Panama, at Port Limón in Costa Rica, at Tela and Trujillo in Honduras, at Santa Marta in Colombia, at Quiriguá in Guatemala and at Banes and Preston in Cuba. In addition it has dispensary and field services at all points and a research staff in the United States. These services are all available to the communities as well as to the employees but they in no sense form part of a charitable enterprise.

The plan of large American enterprise makes necessary the presence at critical points of men of ability. Each must be a well man. And in order for the machine to function the men who work under him must be well. This further demands a high level of health in the community and so the company has been drawn into a general health service not only for the people it directly employs but also for the communities in which it works. The primary sanitation—the provision of housing, of water and sewer systems and the extension of some of these facilities to nearby towns have been noted in previous chapters. The medical service is its complement. This service is on the broadest scientific lines with a large research and a close co-operation with all other research into tropical disease. Its director Dr. W. E. Deeks, several years ago said:

"Of the endemic diseases with which we have to deal in

our tropical divisions, malaria is the most prevalent and of the greatest economic importance in its relation to labour efficiency. It is directly responsible for from 38 to 40 percent of all hospital admissions, and causes either directly or indirectly, more poverty, misery, and loss of man power than all other endemic diseases combined.

"As a result of the malaria survey undertaken by Dr. H. C. Clark and Mr. J. A. Corrigan, considerable light has been thrown upon the breeding places of the predominating mosquito vector, *Anopheles albimanus,* and upon the incidence of malaria infection among our employees.

"Based on these findings, measures have been instituted in all our divisions, not only for the control of mosquito breeding in the vicinity of the dwellings and camps, but also for early house treatment of infected cases. As a result of these control measures, we hope to reduce the present high morbidity rate of malaria and to establish, by demonstration and local examples, methods of community control which can be carried on by the intelligent units of each tropical division of the United Fruit Company as a routine part of their work. Needless to say, the success or the failure of such measures rests largely upon the co-operation and the combined efforts of the intelligent personnel in charge of labour in each division."

This is the general problem, according to Dr. Deeks:

"Of the diseases peculiar to tropical climates, the most important in the American Tropics—in the order mentioned —are: malaria, hookworm and dysentery, although others play minor rôles.

"While the cause and method of transmission of malaria

Before and after the sanitation and paving of Tela, Honduras, by an American company.

On the main highway of Honduras from Tegucigalpa to the Caribbean over which all the traffic must pass. Testing a bridge (upper right). The wharf at Lake Yojoa which the traveller crosses by launch (upper left). The pack trains that block the road.

are known, the problems and cost involved in its eradication are stupendous. Nevertheless, with our present knowledge of the subject, the investment necessary for the eradication of this disease, though great, pays real dividends.

"An attack of malaria does not confer immunity upon an individual. Indeed, he may become repeatedly infected, thus becoming a chronic carrier, capable of infecting others. While some forms are fatal, in most cases a partial immunity develops and exacerbations of the diseases occur under a variety of influences that depress vigour and vitality.

"To control malaria requires either a relentless warfare against anopheles mosquitos, which transmit the infection, or resort to quinine prophylaxis. Sometimes a combination of the two methods is advisable. The anopheles being a wild mosquito and breeding in the swamps and jungles, a warfare against them requires extensive and expensive engineering operations, such as draining and filling of the land. The advantage of destroying the breeding places of the anopheles is that it strikes at the root of the problem. The improvement is permanent. On the other hand, quinine prophylaxis while useful is tentative. It is probable that a more effective agent than the salts of quinine now in use will be necessary to get the best results from this method of control.

"It has been demonstrated that a man can not only live and be comfortable, but can continue healthy and efficient in a malarial district, provided he properly applies our present knowledge. Community control of malaria in the tropics calls for general education, legislation and individual compliance with reasonable regulations—all a part of a comprehensive campaign under skilled direction.

"We are making progress along these lines as evidenced by the increasing acreage, hitherto uninhabitable, brought under cultivation through the energy and foresight of corporations that have appreciated and taken advantage of the knowledge furnished by students of tropical diseases.

"In hookworm-disease there is progressive anemia, and frequently interference with mental and physical development, and sometimes premature death. In both this disease and malaria there is a loss of physical and mental vigour, and impairment of economic efficiency.

"The fight against hookworm-disease is being successfully waged, and hundreds of thousands of lives are being salvaged and rehabilitated, but the problems of its eradication are enormous because of the large area involved, the ready means of infestation, and the large percentage of population affected, particularly among the illiterate. It is, however, no longer to be considered an insurmountable obstacle to progress, and its eventful eradication is certainly possible.

"In the lowlands of American tropical countries, from 40 to 100% of the native population suffers from malaria or hookworm, or both, so that there is an enormous rate of morbidity and considerable mortality, as well as a lowering of the resistance of the individuals to other infections.

"The cause, method of transmission, and cure of amebic dysentery are fairly well established. The mortality caused by it has been materially reduced. In Ancon Hospital, during 1906–1908, of 170 admissions, 51 died. On the United Fruit Company plantations in 1923, of 420 admissions to the hospitals only 7 died."

It is interesting to compare the average hospital admission rate on the Fruit Company plantations with similar statistics of other organizations. (The figures are per 1000.)

British European troops in India	942
British Indian troops	767
U. S. Navy Shores Forces	745
U. S. Army	650
U. S. Navy—all forces	541
Panama Canal Zones (hospital and quarters combined)	485
United Fruit Company plantations	415
Sumatra plantations	400
United States population (approximated rate)	95

In the first hard years, in Bocas del Toro, the foundation was well laid. A report of the early years says:

"Another factor in promoting health conditions has been through the education of the labourer. He has been taught that all measures toward screening houses, draining stagnant water and other means of exterminating mosquitos are absolute preventives against fever. He has also been taught that prompt and efficient medication from the dispensers of the hospital service, who are always available, will in most instances prevent a trip to the central hospital. The company has provided churches and schools as a means of securing a better class of labour, and the plan is eminently successful. With a good job, a house and garden where a labourer can raise garden truck and fowls, he is happy. These measures promote content, and a contented mind is an asset toward good health."

In 1903 the Panama division was visited by an epidemic of smallpox, the disease which the coloured people fear more than any other. The report for the year says:

"During the year 1903 we were visited by an epidemic, and, after a careful canvass of Bocas and environments, there were assembled 122 cases within a house assigned for that purpose. The company supplied the greater part of the funds and gave the services of their medical officers, and 7000 persons were vaccinated through its agency. It may be interesting to note here that the susceptible people were coloured, and not a white person was infected. We have failed to note any place in the world where the efficiency of vaccination has been so well demonstrated as here. Since compulsory vaccination, not a single case has originated in Bocas."

Bocas del Toro is indeed in the way of being a shrine of tropical medicine. The little hospital there has been displaced by a larger and modern institution at Almirante, across the bay, but at Bocas del Toro the first battle was fought and the foundation of victory was laid.

In 1910 the republic of Guatemala was ravaged by an epidemic of smallpox and over 5000 persons were promptly vaccinated by the United Fruit Company's doctors, while not a single case originated in the territory covered by its medical service. In 1913 the company's new hospital, one of the finest tropical hospitals in the world, was built in Quiriguá. Upon its completion the medical director wrote:

"Guatemala has had the benefit of the company's experience in older developments. Lands have been surveyed and buildings created from the start with particular reference to sanitary detail. Transmissable diseases, therefore, have

not seriously interfered with our development as was the case in the earlier days of Costa Rica and Panama."

The results of efficient sanitary work were evident in the outbreak of yellow fever in Guatemala in 1920. A native town on the outskirts of the plantation became infected. Though several employees of the company contracted the disease while visiting in this area, and returned to the plantation, no cases developed from them.

The hospital service annually serves a population of more than two hundred thousand and gives about three hundred thousand treatments of which nearly thirty thousand are commonly hospital cases. Since a sick man is a liability and a well man an asset the direct effect of this work from a purely economic standpoint must be very large. It is a matter of speculation what the economic effect would be of eliminating malaria in the Caribbean and changing the food habits to such an extent as to provide a better balanced diet.

Malaria has not been conquered but, starting with 1926, the campaign against it has been intense. A sanitary force has been organized in each division and this force visits each Farm District once a week, treating all mosquito breeding areas with Paris green dusting powder. To maintain effectual control of mosquito breeding, the dust treatment must be repeated at weekly intervals. Blood examination surveys for malaria are made on all individuals living in the several camps owned and controlled by the Company. Thus the infected individuals are found, and each given appropriate treatment with a course of plasmochin and quinine. Plasmochin, a product of German scientists, is a recent discovery, and was introduced in 1926 as an effective drug for

the treatment of malaria. The drug has a specific action on the adult malaria parasites which are the only forms that the mosquito takes from the infected person that will enable her to transmit the disease to others. It was known that quinine alone not only did not destroy but had little or no effect upon these forms of the parasite. The drug, in combination with quinine, rids the circulation of the form of parasite found in chronic and relapsing cases of malaria, and which classes such cases as "carriers." Heretofore, one of the great problems in malaria control has been to free these carriers of their malaria parasites, and thus reduce the percentage of possible mosquito infection. Absolute control of mosquito breeding in cane and banana plantations is practically impossible but since 1925 there has been a reduction of more than 50 percent in the admission rate of employees with malaria in all of the United Fruit Company's hospitals and has made possible the closing of wards in hospitals that were formerly overflowing with malaria and dysentery cases.

The present situation has been stated thus by a medical authority:

"To summarize: Nature—by providing luxuriant growth for vegetation, and high rate of rainfall—and the labouring population, by their illiteracy, nomadic habits, child-like indifference, and primitive modes of life, combine to make it practically impossible to reduce the morbidity, mortality and fatality rates of tropical plantations to a level satisfactorily comparable to the rates of more favoured communities. However, we feel that a great deal has been accomplished in this respect, and it will be observed that our rates are only slightly

higher than those prevailing elsewhere among coloured or mixed races, which constitute a major portion of the labouring class in most of our divisions. Among white persons from temperate zones, the death rate is about on a par with the rate for the same class of people residing in northern localities."

The work of the United States Army under General Gorgas at the Panama Canal is so great a story and also so well known as to make unnecessary its repetition here. The medical system of the United Fruit Company is much the largest of the private enterprises, for the company is much the largest, but all of the American enterprises have to the extent of their means engaged in medical work and there are no undertakings by Americans in the Caribbean where science has not so far conquered local conditions as to make it healthful for a white man from the North to live and work.

A further interesting bit of medical research undertaken by the United Fruit Company has to do with poisonous snakes. This is the general plan of the work as described by Dr. H. C. Clark of the Tela Hospital Laboratory:

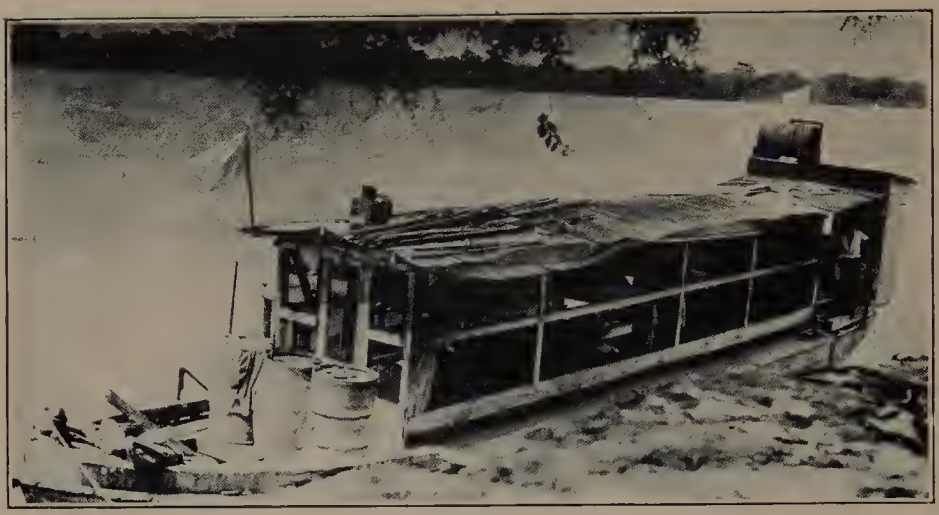
"The question of snake-bite poisoning has never been a matter of great economic importance to the company; yet each year, in the past, an occasional tragic accident from this cause has happened in one or more of the stations. No scientific effort has ever been made to determine the exact character of the snake population in Central America, and no definite knowledge of the species of snakes responsible for our cases has been recorded. Brazil is apparently the only country

in the Western Hemisphere that has made marked progress in the study of its poison snakes, and in the preparation of stable specific antivenes in a satisfactory amount for general use.

"That country's splendid success in the treatment of snake-bite cases during recent years has attracted general attention and for this reason Dr. W. E. Deeks decided to stimulate the various medical stations throughout the company's plantations in a study of their local snake population, and its relationship to the hospital and dispensary practice. The final result of his effort was a co-operative plan of investigation arranged with Dr. Thomas Barbour, of the Museum of Comparative Zoology, Harvard University, who has been assisted in his work by Dr. Afranio do Amaral, of the Serum-Therapeutic Institute, in Brazil. These two specialists in herpetology accepted the responsibility of identifying all the specimens collected.

"Various conditions connected with the work of collecting specimens caused the bulk of the work to fall within the geographical limits of the Division of the Tela Railroad Company, and this organization has made energetic efforts to push the census to a successful conclusion. The chief idea in procuring a large census was to learn definitely the proportion of poison snakes in the plantations and the numerical ratio between the various poison species found, in order that we might be able to secure specific antivenes for the treatment of snake-bite when the identity of the snake causing the accident was known; and to secure a polyvalent antivene, whose mixture could be based on our census ratio of the

American machinery at work. Planting bananas in Colombia (above). Building a mountain road.



American oil in Colombia. A surveying boat on the Magdalena (above). The Andian Corporation's pipe line through the jungle (middle). The end of the pipe line at Cartagena.

poison species, for use in those cases of snake-bite in which the kind of snake was not known."

It is a curious fact that snakes increase instead of decrease with the clearing of the jungle and although the snake problem is by no means a serious one, for most of the snakes hunt at night yet, simply as a part of mastering the country instead of being mastered by it, the company is taking this course to provide sufficient quantities of antivene or serum.

Really the problem is one of mastery. Man has never mastered the tropics in the sense that he has mastered the temperate regions. That is the real problem of research. The medical problem is elemental; naturally man must be able to live in the tropics before he can master them.

We do not know what will grow in the tropics—or rather what can be developed to grow in them. To this end the United Fruit Company at Tela has started an experiment station to discover if the quickness of tropic growth cannot be put to some new uses. This is quite aside from the research in banana growing and the collateral research in discovering uses for such bananas as cannot stand shipment. Harvard University has done extensive work in flora, fauna and biology in Cuba and at Barro Colorado Island in the Canal Zone and is in the way of obtaining some notable results.

In Costa Rica some success has been had in growing balsa in the diseased banana land. Balsa is a very light wood much used in the manufacture of buoyancy and insulation products and there was a shortage of it during the war. Cacao is extensively grown and the Department of Commerce has re-

ported as a result of considerable investigation that the Caribbean littoral is suitable for rubber growing and that the only obstacle is the wage scale.

But the thing is that the research book has been opened. Not much has yet been written into it. But the entries are bound to come.

CHAPTER XVII

THE PROPAGANDA OF IMPERIALISM

EVER since the rise of Soviet republic and the aid, material and spiritual, which it gave to radical socialistic and communistic movements throughout the world, the activities of the United States and of its citizens throughout the Caribbean countries have been—without any regard to the facts—most actively denounced as imperialistic. "Imperialism" is not a new word, but as it is used in the jargon of communism it is a new and somewhat technical word connoting a conclusion which depends upon the application of a theory rather than upon the existence of any facts.

In the doctrine of communism, privately owned capital is the source of all evil and quite naturally the capitalistic state is an aggregation of all the evils of private capital to which are added some additional evils arising out of the joinder of these private interests. In this theory all of the acts of capitalists and of the capitalistic state must be wrong. The capitalistic state is so constructed that its every action must be evil. Therefore it follows that when the capitalistic citizens of a capitalistic state set up business in another country or when the capitalistic state as a state has relations of any kind with another country, the actions are never what they appear to be, but must inevitably be part of a program of overthrow-

ing the sovereignty of the foreign state in order eventually to enslave the proletariat of that state.

The mind of a radical is not a thinking apparatus but a series of pigeon-holes labelled according to the particular doctrine that he happens to follow. Whatever comes up must fit into one of these pigeon-holes—and so facts never matter. The foreign adventures of the United States and its citizens must fit into the pigeon-holes labelled "Imperialism." It is written that capitalistic nations in their foreign wanderings must be imperialistic philanderers. Therefore Americans in the tropics are imperialists. It is of no moment that they do not appear to be doing anything imperialistic. Any seemingly proper action is only a disguise for an imperialistic action. Things cannot be otherwise for the book gives no alternative.

This approach of the radical explains how the anti-American propaganda has been twisted into an anti-imperialistic propaganda and why there is so much loose talk in the United States concerning American activities in the Caribbean. This talk arises out of the application of the formula described and is not in the least concerned with the facts. It is not worth while to combat it on the facts for a radical cannot comprehend facts—if he could comprehend them he would not be a radical.

There is a considerable amount of anti-American propaganda throughout the Caribbean countries. It is in part communistic and in part commercial and also it is mixed up with Pan-Latinism—but this last is not at all important. Pan-Latinism is not a working theory. It is something for the intelligentsia to write about and it is a safe subject for orators. The communistic movement is not important and has

The linking of land and sea transport at Santa Marta, Colombia, with the old town in the distance.

In Nicaragua. The best hotel in Managua, the capital (above). The president's palace in the Campo del Marte with the Legation Guard of United States marines.

no real following. It becomes important only when it is used for some ulterior purpose such as stirring up strikes on American property or covering revolutionary movements or for some other political necessity. The communistic angle is supported almost wholly by the moral and sometimes the material aid given by radical organizations in the United States and in Mexico. For a time, while Mexico was flirting with Moscow, the anti-American propaganda was very vigorous and, as was noted in the chapter on Nicaragua, that republic was used almost as an *agent provocateur* to stir up trouble.

The purely commercial anti-American propaganda has existed for many years. It is not as active now as it was before the war when it was fomented industriously by the German interests. However it can be said that to-day no European power becomes frightfully worried over the United States growing unpopular in Latin-America.

The whole propaganda, however, is not very effective. It always seems to be more than it is because it is exceedingly vocal and it is particularly vocal in the United States. In point of fact the anti-American propaganda that originates in the United States is considerably more important than that which originates in the Caribbean. For in the United States it tends to give a false view of American enterprise and this view never has the opportunity to be checked with the facts. In the Caribbean the propaganda is checked with the facts.

In order to discover just how much of the propaganda had official sanction, I took the opportunity, in the course of the studies out of which this book has been developed, to talk with the presidents of each of the Central American coun-

tries except Panama and I give these conversations for what they are worth and also to show something of what kind of men are at the heads of these states and something of how they live. These conversations took place in 1927.

I

The Presidential Palace in San José is not palatial. It is a one-story frame building facing the National Park, which is off from the centre of town. It is distinguished from other residences by having no pretensions at all and a policeman lounging at the door. Costa Rica does not go in for a military establishment. It prides itself on having more school teachers than soldiers. A policeman let me into a plain, wooden hall from which opened several offices, showing odds and ends of desks and a few ancient but not antique red plush chairs. In a moment or two Don Ricardo Jiménez Oreamuno—he is known as Don Ricardo Jiménez—entered. In Latin-America there do not seem to be enough names to go around, and Oreamuno is the name of his mother's family and is used as an identification rather than as a name. He is a tall, spare man and although past sixty is strong and well set up. He has a fine ease of manner and nothing at all of self-consciousness or affectation. He looks what he is—a perfectly independent man. He was president once before—from 1910 to 1914—and had no desire to be president again. But in 1924 he was more or less forced into the job to avoid a party split, and he is being president in exactly his own way—his political future is behind him. He is the best lawyer of the country, but he is not a rich man because in his practice he has always

set his fees according to what he thought his services were worth and not according to his client's pocket-book. He was born in Cartago, where all the old families of the country had their seats, and a member of his mother's family was president back in 1844, while Jesús Jiménez in 1863 was one of the best presidents the country ever had.

"The foreign capital invested in this country," he said, speaking English slowly but well, "has been of great benefit. The American capital, some of our people feared, might lead to intervention and imperialism, but it has not. It has been invested in the country and given employment to our people, and in every way the country has benefited from its being here.

"There are no American concessions or monopolies, and as long as I have known the affairs of my country, which is a very long time, Americans have never mixed in politics, or had candidates, or sought to influence elections, or attempted to exercise any influence outside of their own business affairs. They have stood up for their rights, but they have asked no favours. They have received no favours, but I hope they have had their rights.

"We not long ago borrowed eight million dollars through American bankers, and of this nearly six million was used to retire internal loans at a high rate of interest. This loan was opposed but not intelligently. It represented a sensible refunding of our obligations and has saved us a great deal of money as well as released capital for home purposes, and this has stimulated business. Also we have had the additional capital to build roads. Only a small part of our country is as yet developed. We could support many times our present

population, but we cannot do this until we can build automobile roads, and for this we shall need still more money.

"Whatever imperialism may be, it is not here. We do not know it and we never expect to know it."

II

The strength of any government in Honduras depends upon the strength of the general who stands behind it. The strength of the present government is General Carias, who is a nearly full-blooded Indian. He is the leader of the National Party and led the revolution of 1924 against the Liberals who held Tegucigalpa. Instead of making himself president, he was content with being president of Congress and also president of the Permanent Committee which functions when Congress is in recess and which actually has more to do with running the country than has Congress and can even depose the President. General Carias is dictator in fact, although not in name, but unlike most dictators he seems to dislike showing his authority. He lives in the mountains about twenty miles from the capital in an unpretentious little one-story place with a roadside store in front. He mounts his horse and rides into the capital only when he is needed.

Dr. Miguel Paz, the President, is a country doctor and never had been in politics before his election. He took his first medical education in Guatemala, then he studied in London and Paris, and finally in New York, but he is in no sense a cosmopolite, nor is he a politician. His real interest is medicine, and he gives the impression of not being very comfortable as President. He is a very small man, not much over

The Nicaraguan election of 1928 supervised by United States marines. A voting place in the country (above). A voting place in Managua.

The paving of San Salvador by an American company out of the proceeds of an American loan. A street before paving. The same street after paving.

five feet tall, and can hardly weigh over a hundred and ten or fifteen pounds. He looks especially small beside his Minister of Foreign Affairs, Dr. Fausta Dávila, who is a generously built man with a keen sense of humour.

The Presidential Palace is the most substantial building in Tegucigalpa, and at one end develops into a fortress rising from the banks of a river and commanding the road into town. But there is no pomp or circumstance and only a few soldiers show themselves. Dr. Dávila took me to the President, who was waiting in a large, round reception room furnished with cane-seated chairs. The main thing on the President's mind was roads.

"We must have both railroads and automobile roads," he said. "Our people are very poor because in the interior it costs so much to move goods. We could be raising cattle on a larger scale. We could be lumbering, we could be doing many things, if only we had more roads. Then the whole country could be opened up in the same way that the north coast has been opened up by the Americans.

"American capital has been of great benefit to us. It is responsible for nearly all the business of the country. We want more and not less American capital and will do everything we can to make investment safe and profitable."

"Have the American companies or has the American government done anything to your knowledge which could be classed as imperialistic? Have they interfered in any way with your own sovereignty?" I asked.

"No," he answered, "in no way. No American company has ever been in politics, and the few Americans who have ever taken an active part in our political affairs were acting for

themselves—they were what you call 'soldiers of fortune.' They were members of our own parties and did not represent foreign interests. The few occasions when your government has landed marines have all been for the purpose of protecting property from useless destruction. We are not interfered with in any way, and I feel that the presence of the United States and the Monroe Doctrine, far from being a menace, are our greatest protection."

III

The wildest stories of American imperialism centre in Nicaragua, because our marines have frequently landed there. We have actually fought battles in Nicaragua and for years maintained what is known as a Legation Guard. I read in one socialistic publication that American bankers had earned, or rather taken, thirty-nine million dollars in profits out of this republic—which impressed me as something of an achievement. After looking Nicaragua over, I discovered that the taking of such an amount would not be an achievement at all but a miracle!

Everything seems to get around to Adolfo Diaz. I expected to find in Diaz a man who might have something of the mantle of old Porfirio Diaz of Mexico—who managed that country so well over so many years. But Adolfo Diaz has not a single characteristic which would permit him to play the part of a dictator in a movie show or a novel.

The setting for a movie dictator was perfect. Managua, which is the capital of Nicaragua, is easily the dustiest city in the world and can be one of the hottest. It lies low, with

volcanoes on every horizon, and instead of ordinary, common, everyday dust, the unpaved streets are filled with from six to eight inches of a fine, volcanic powder which works its way into one's every pore. The dustiest spot in Managua is the Campo del Marte which contains the Presidential Palace, the barracks, and is hard by La Loma, which is the fortress commanding the city. All Central American capitals centre about a fortress, and if you hold the fortress you hold the government. In the technique of revolution the first step is always to grab the fortress.

The Campo del Marte was the busiest place in Managua. It was truly a field of Mars, with the khaki tents of our marines everywhere and messengers coming and going. The United States was distinctly in charge. The first floor of the Presidential Palace was American and military. The second floor was Nicaraguan and non-military. A big waiting room was filled with orderly rows of the large bentwood rocking chairs without which no Central American home is complete, and every chair held a barefooted peasant woman who had come hunting for news of husband or sons—and would never find any because no one ever knows who is in the army.

President Diaz was in another large room, likewise filled with chairs, but he was alone. He did not look at all like a man whose life outside that cordon of marines would have been worth next to nothing. Neither did he look like one who had been shot at many times and who once before had sat in this same room supported by the forces of the United States. On the contrary, he seemed to be a very quiet and peaceful man. His friends like him intensely and his enemies hate him intensely—but there is nothing about him to show

why. His manner is exceedingly quiet, although not reserved. Medium-sized, he wore a tightly buttoned blue serge suit—that fitted him. His English is exceedingly good. He is pro-American and makes no bones about it. Ever since he first came into office as Vice-President in 1910 on the overthrow of the dictator, Zelaya, he has advocated an American protectorate as the best way out for Nicaragua.

"The only solution," he told me, "which will insure peace for Nicaragua is an arrangement such as you have for Cuba under the Platt Amendment which gives you the right to intervene in the case of revolution and also gives a certain supervision over finances.

"I proposed this when I was President before. I think it would be welcomed by all my countrymen who have the interests of their country at heart, for it is the only method which will overcome the habit of revolution. We had no revolutions while the Legation Guard was here, but that was an unofficial arrangement and I think that an official arrangement by which revolution could be made impossible would bring American money into this country and let us develop our resources.

"Our two parties, the Liberals and the Conservatives, hold to exactly the same principles, and our revolutions have nothing to do with principles. They concern who is going to fill the offices.

"All Nicaraguans are friends of the United States. There is no real anti-American sentiment, but a great deal has been manufactured of late by Mexico. This revolution was purely of Mexican origin and our people when in revolution will take aid from anywhere. The Liberals know as well as I know that

it is to the United States and not to Mexico that Nicaragua must look.

"We have not enough American money in Nicaragua. If we could have secured the loan in 1911 to build a railroad across the country, the revolutionary habit would by this time have died. As it is, we are separated from the Caribbean by mountains and jungles and have had no opportunity to become a unified country.

"We are now just where we were sixteen years ago, and it is a question of building up all over again. If the United States would build the canal, that would benefit everybody, but we can become a rich country without the canal, if only we can get the railroad. There has never been any American imperialism in Nicaragua. It is simply that we have been saved from the worst consequences of purely sectional wars which are entirely without even the slightest constructive element."

IV

Seeing the President of Salvador involves more formality than seeing any other of the presidents. The Casa Presidencia is only a single-story building, but it is opposite the armoury of the First Infantry Regiment, which is a pretentious structure taking in a whole city block. It is really a fort. Sentries patrol every side and high up on each corner are steel cages with more sentries. The entry into the President's house is somewhat surprising, for one goes through a small door and pops most unexpectedly into a room completely lined with soldiers sitting bolt upright with their rifles, bayonets fixed, between their knees. It is just as though one dropped into an

animated cutlery shop. All the attendants are in military uniforms—real uniforms.

The waiting room is along a small and very pretty court filled with flowers, and hanging at the end is a large painting of the signing of the Salvador declaration of independence in 1823. The picture gives an odd impression which I found hard to analyze until I discovered that, although the artist had put many kinds of clothing and uniforms on his people, he had given everyone of them exactly the same face! Perhaps he was playing safe—no partisan could claim that one father of the country was any better looking than any other father.

The President does not speak English. A man of medium height but heavy set, he had a benign air through his heavy spectacles. He was extremely pleasant and anxious to talk.

"I am going to continue the policies of my predecessor," he said. "It is most important for us to continue to get roads and sanitation everywhere through the country as well as in San Salvador. Our financial arrangements are working out so well and we should have the money as we need it without the necessity for borrowing more. And we are collecting taxes on capital which we were told we could not collect. The tax laws may have to be changed but we shall, I am sure, be able to pay for all improvements out of revenues."

Knowing that he had the reputation of being a Mexican sympathizer, I asked him:

"What do you think Mexico has in mind with all its propaganda—most of which is against the United States?"

"Mexico is working for an ideal," he said, vaguely. And answering a further question, he went on: "No, Mexico does

not represent that ideal and is not living up to it, but they are trying to do something and I do not believe that it is aimed against the United States, for that would only be foolish. There could be no war between the United States and Mexico. I cannot conceive of such a war but since you ask me what this country would do in such an event, I can only say that Salvador would remain strictly neutral.

"We have not had much experience in Salvador with American money and I have heard of imperialism, but I cannot say that I know exactly what it means. Your countrymen have built our largest railroad, they have done the improvement work here, they negotiated our loan, and our largest bank is owned by Americans. What they have done has been wholly good. I only hope that it is the beginning of a greater investment. There are no American concessions in the sense of monopolies and we have been asked for none. In fact, all our relations with Americans have been very pleasant and I can see no reason why they should not continue. We need you more than you need us."

V

General Lázaro Chacón, the President of Guatemala until he became President at the death of Orellana had never been anything but a soldier. The late President trusted him more than any man in the republic. He commanded the guard and headed the army. When Orellana died, the news, according to a previously worked out arrangement, was kept from the public until General Chacón had taken possession of the Palace, put trusted men in charge of San José and Matamoros—

the forts which dominate the city—and thus made certain that he could crush any revolution. Consequently there was no revolution and Chacón became provisional President and then was elected President in the first election without a revolution which the country has ever had.

I talked with him in the Presidential Palace, which is a one-story building facing the plaza, across from the barracks of the Guard of Honour which Chacón formerly commanded and where he still has his quarters. He is a mild but firm appearing man of medium height and has nothing of the military in his bearing. He wears glasses and even has a studious air—although he is not a student. He seemed to know what he was talking about and, unlike his compatriots, he used very few words and no gestures at all. After I asked him a question, he would hesitate a moment and then answer with absolute directness. He does not speak English, but the Chief of the Protocol in the Foreign Office had lived for years in New York and proved to be an ideal interpreter. I asked him if the capital of the United States which had come into his country had been a benefit or a hurt and if he had detected signs of imperialism.

"The capital of the United States has been wholly a benefit," he answered. "It has raised wages on the coast to several times what is paid in the interior. We would welcome more capital and must look to the United States not only for it but for guidance. I have never heard of imperialism in this country. In fact, I do not know of any American company having asked for or received anything to which it was not justly entitled and never for any unfair advantage. There are no American monopolies and we have been asked for none.

In San Salvador. The Government House (above). The Cathedral overlooking the plaza.

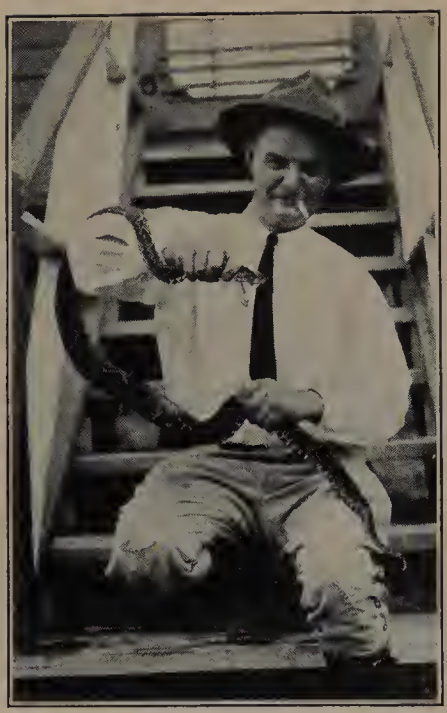
Obtaining serum against the bites of poisonous snakes. The United Fruit Company station at Lancetilla, Honduras. The Director with a fer-de-lance. Extracting the venom. Inside the snake farm.

All the best works we have are the result of American capital."

Next I talked with the Minister for Foreign Affairs, who is a lawyer and one of the best in the country—Dr. José Matos. (He has since ceased to be a minister and now heads a foreign mission.) He is not a politician—that is, he has had other occupations than holding or seeking office. This was his first office, although he has several times represented his country in foreign conferences. He speaks English well, for he has had many English-speaking clients, and, in a way, has the American point of view. Incidentally, he dresses and looks rather like an American. I asked him about the extent of Mexican propaganda in his country, saying that it was being reported in other countries that Mexico practically ruled Guatemala.

"There is a great deal of Mexican propaganda," he answered. "It is very disturbing. We have had many raids on the border, and also we have had to ask many Mexicans to leave. There is also a deal of Bolshevik preaching, but this I think is not effective, for our people have no liking for socialism. We are doing our best to combat all of this, but you know that we must keep friendly with Mexico, for they are our neighbours and with the long boundary their armies could cross anywhere and crush us. We hope that the United States would protect us, but you might be a long time taking action. And then where should we be?

"As I see the situation, you will some time take Nicaragua as a canal route. Costa Rica will then be only a state between two canals. This means that Honduras, Salvador, and Guatemala must unite on economic lines. The day of political union has passed. We must unite for our own development,



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and the money for that development must come from the United States. We need money for roads and water power. As for the United States being imperialistic, that is nonsense. I know your country too well."

CHAPTER XVIII

THE ECONOMIC INTERDEPENDENCE OF THE AMERICAS

THE United States is the natural market for the products of the Caribbean. Some of those products, as has been previously pointed out, owe their commercial existence to the intense cultivation of a market for them in the United States. This is pre-eminently true of the banana.

Some of the markets of the Caribbean have been likewise cultivated, as for instance the demand for electrical equipment and for automobiles—neither of which is a necessity in a primitive civilization. They are in demand because a market has been created for them. Bananas are in demand in the United States because a market has been created for them. That is the new conception of international trade.

It is very different from the old conception in which it was taken for granted that somehow nations exchanged only those goods of which they happened to have a surplus. That theory of trade grew out of the primitive organization of society when the individual cycle of life comprehended little beyond getting enough to eat and to wear and a place to sleep. If a farmer raised, say, a hundred bushels of wheat and he and his family ate only fifty, then he had a clear surplus of fifty bushels which he might exchange for something which another producer had been unable to consume.

In the United States it has been discovered that domestic trade cannot be carried on in any such simple fashion. A shoemaker working at his bench may possibly first provide himself and his family with shoes before he has any for sale. He may then be conceived as selling his surplus. But, being in need of food, he may consider it more important for his family to be fed rather than shod and so he will sell all the shoes he makes. Then he is not selling a surplus. If instead of a shoemaker we consider the case of a shoe factory, then it is necessary to preserve the fiction that the factory sells its surplus. It makes and sells shoes. If we go further and take the whole shoe industry, then possibly the capacity of that industry over and above the consumption of the country may be considered a surplus to be sold to some other country which happens to have a shoe deficit. That is the static conception of trade and has nothing at all to do with modern American industry.

The carrying of the theory of surplus into international trade is simply building a false picture. An American industry has a surplus only when its control is stupid and fails to co-ordinate its selling effort with its manufacturing effort. If a factory produces five thousand units a day and sells only three thousand units it is not necessary to waste any time bemoaning the surplus production of that factory. It has no surplus production. It has simply produced without regard to its sales and that is merely stupid production. It must either revise its sales efforts, including its prices, or revise its manufacturing efforts. The plan of American industry—which finds its most complete expression in the organization of the automobile—is to create markets. American industry

The research station maintained by the United Fruit Company at Lancetilla, Honduras, for the study and development of tropical plants and of plants that can be adapted to grow in the tropics.

Types of American hospitals. The United Fruit Company's hospitals at Limón, Costa Rica (above) and at Quiriguá, Guatemala.

is now responding to foreign trade because it has discovered that foreign markets may be shaped in exactly the same manner as domestic markets.

The Caribbean countries are fitting into this picture primarily because the steamship service of the United Fruit Company to Caribbean ports is so fast and so regular that these countries can be included in freight routings with little more trouble than if they were domestic cities. Modern American industry cannot bother to make goods and then have them peddled. The manufacturing and the selling are knit together. It is impossible to sell goods in a positive, continuing fashion without certain transportation. The banana trade as carried on by the United Fruit Company has so many sources of supply that it can maintain a steady flow of loaded ships to American ports—it can always provide a cargo one way. This is fundamental to the whole situation and cannot be too often repeated. Being certain of a cargo in one direction, it can provide frequent and unsubsidized service in the other direction and thus assure that transportation which is essential to the distribution of American products in the Caribbean countries and in the American way.

International trade has to be two-sided. We cannot sell without buying. It so happens that the United States is the largest customer of the Caribbean. Therefore and inevitably it must be the largest seller to the Caribbean and also its banker. These countries and the United States are complementary economic units. The trade is natural and is beneficial to all parties and the prevention of any unnatural interference with this trade is guaranteed by the Monroe Doctrine. The general situation was very well summarized by

President Coolidge when speaking before the Pan-American Commercial Conference in 1927:

"The last half of the century has been a very material reallocation of the commerce of the Western Hemisphere. In its beginning we were all largely dependent on Europe for a market for our raw materials and for a considerable supply of manufactured articles. This condition is very much changed. The United States has become the chief market for the raw materials of the Southern republics, while on their part they have turned to us for a supply of manufactured commodities. Since our sister republics became independent this trade has greatly increased. In 1830, nearly a hundred years ago, the value of both exports and imports amounted to about $25,000,000; fifty years later it had reached more than $200,000,000, only a little less than ten times as much; and during the last ten years it has averaged not far under $2,000,000,000 again increasing almost tenfold in fifty years. In the hundred years, or a little less, the increase has been nearly a hundredfold.

"In exchange of commodities this country has, as is known, purchased far more from them than they have purchased from us, or, in other words, the visible balance of trade has been in their favour. During the last five years our purchases have amounted to a total of $5,068,000,000 and our sales to $3,781,000,000, showing a difference of $1,387,000,000, or an excess of about 34 per cent. For the century the excess would be greater, probably by more than 40 percent.

"Not only has this country purchased more than it has sold, but it has long been the chief foreign purchaser of their products. During the twelve years ending with 1925, the only

years for which complete statistics are available, this country's share of their exports has averaged nearly 40 percent. This is more than 200 percent of the portion taken by Great Britain, the nearest competitor, and nearly 30 percent above that taken by Great Britain, France and Germany combined, the three next most important purchasers."

Let us get down to the realities of this new trade and dispose of some hallowed nonsense. Take this perennial advice:

"If you want to do business with the Latin-Americans, you must first learn their language, then you must study them and their habits, and finally you must know what it is they want to buy. Then sell them what they want to buy and in just the way they want to buy it. That is the way the Germans built up their foreign markets, and that is the only way Americans can build."

That sort of thing has been said so many times and in so many ways that it has become accepted as straight truth—accepted through repetition. The Germans are supposed to know all about foreign trade. I found that the Germans in the Caribbean were diligently trying to furnish the goods which the people wanted to buy and at lower prices than they had been paying. There is no doubt but that the Germans are excellently imitative. They are sending goods into these countries made after the formula of giving the people what they want. They are sending in flashlights, electrical apparatus, safety razors, pencils, and various sorts of package cosmetics and medical supplies. They are doing a trade cast in rather a different mould from what was theirs before the war. They are still sending staples and bulk stuff, but also they are in the specialties.

These specialties are undoubtedly fashioned after what the people ask for. But the models are not honoured by tradition. *The models are the American goods, which the people learned to use during the war times and while Germany was out of trade.* The stuff is offered for sale not on its merit but as being "as good as the American."

There is nothing wrong in this. It is the right of any nation or manufacturer to follow a lead. The point is that if the Germans are now imitating our products in foreign lands there must be something not wholly sound in the dogma that the way to get business is to find out what the people of a foreign country want.

And it is unsound—so dangerously unsound that it keeps many an American company out of profitable markets simply because it cannot change production to meet what someone has said are foreign wants. A Michigan manufacturer who sets out to sell in Texas—parts of which are more Spanish than Central America—does not study, say, San Antonio as a foreign land. It never occurs to him that it might be a foreign land. He introduces his product more or less as he would in Montana or Ohio. And that has been the way with every great American success in foreign fields. The most widely distributed American product is the square tin of the Standard Oil Company—and it is as American as Faneuil Hall. When Standard Oil went into the Orient, it did not bother to discover how the people might want to have their oil served. It devised the most convenient and economical way, and to-day in China you could not give away oil in round tins. Our motor cars have swept the world because they are American motor cars. And so have our cash registers and

Three presidents. Dr. Miguel Paz of Honduras (left). Don Ricardo Jiménez of Costa Rica (centre). F. H. Arosemena of Panama (right).

Three presidents. General Lázaro Chacón of Guatemala (left). Dr. Pío Romero Bosque of Salvador (centre). Adolfo Díaz of Nicaragua (right).

typewriters and some dozen of other products. None of these leaders has been sold abroad excepting in the American way —in the way that they were sold at home. The American technique of manufacturing and selling will work anywhere on earth and to abandon it is to ensure disaster—as surely abroad as at home.

There are in this world two general methods of doing business which are fundamentally different, although the differences are not always recognized. The first method, which may be described as the old-world way, is to study a people or a community, find out its needs, its wants, and its purchasing power, and then, regarding all of these elements as fixed, endeavour to supply the wants and the needs according to the purchasing power. Out of this conception has grown the theory that monopoly is profitable—that there is only so much business to be done anyway and it is going to the sharpest trader—to the man who knows when and how to screw down wages and boost prices. It is this theory of business which has brought about statutory control over rates, hours, and prices, together with the output and other limitations of the trades unions and also the innumerable theories afloat as to changes which ought to be made in the social structure. Socialism and the like are all founded on the notion that this is the only way business can be done.

The other method of business is purely American. The discovery that it is a method will, when fully comprehended, be definitely labelled as the most important happening in the history of the human race. Under this method we regard nothing as static. We take human needs and human wants merely as elementary indications, while purchasing power

we regard as something which must be created—not as a thing which mysteriously exists of itself. Therefore, we arouse desires by advertising and salesmanship and we create purchasing power by substituting mechanical and other methods for hand methods, so that the wage may be increased while the cost is lowered. It was in this fashion that, at first unconsciously but now consciously, we reared the tremendous structure of the United States.

Now, bear in mind the fundamentals of American business, and also bear in mind that the present trend of German and Japanese manufacturers in the export trade is toward the imitation of American articles. Also bear in mind that these foreign peoples would never have known these American goods had the old dogmas of foreign trade been heeded. Bear all this in mind, and the utter absurdity of the dogma about meeting wants will be clear. It is in fact only an old friend in a different dress. It is another way of expressing that wail of every failure: "My business is different."

Let us examine into the Caribbean countries—not at all as a foreign market but as an economic unit of which the United States is a part. Politicians would have us believe that political boundaries are important; actually they hold not at all against the rising tide of commerce. They do not long hold against the public welfare. The importance of the politician decreases as the prosperity of any country increases. The Caribbean is foreign only in a political way.

Two very new and very great influences are also at work. They are so new that no one can, as yet, judge their full effects. These are the motion picture and the radio. The mo-

tion pictures, with a few exceptions, are American. The European companies have tried hard to introduce their films and spend a great deal of money in advertising but, in general, the people do not find them entertaining and the theatre owners say that it does not pay to show them. It is rumoured that the foreign films are given a showing only after liberal subsidizing but on this point I could find no reliable evidence. At any rate it is the American film that is popular and although no one can say that the American pictures show American life, they do at least bring a new kind of life to people who have had little chance to travel. The titles of the films are presented both in English and in Spanish and this, purely by way of incident, is making the knowledge of English more widespread. A film fan cannot avoid learning at least some English.

The radio is very recent. The stations of the Tropical Radio Company are now able to broadcast the programs from the United States and for the first time the English understanding people of these countries are able to get information at first hand. The newspapers have not been able on account of both cable tolls and lack of space to give the important American events in full. Now the news goes over the radio as well as the more important addresses. The effect of this must be eventually to spread a wider knowledge of the United States as well as of the English language and to stamp out that opposition that arises solely from the ignorance of isolation.

It used to be that the youth of these countries were sent abroad for their education, but now they come to the United States, and New York is replacing Paris as the Mecca of their parents. American periodicals are on sale everywhere,

and their purchasers are not only Americans. Our advertising is slowly having the same effect as in the United States —and it is reaching the *mozos*. For when a periodical is discarded, it is grabbed up, and its advertising pages turn up as wall paper in the thatched huts. I have seen the insides of huts completely covered with American magazine pages and with the timetables and folders issued by our railroads. Our national advertisers would be surprised to discover how well their products are known by picture and name—although few would recognize the names of their products if they heard them pronounced! All of this is having its effect in awakening desires.

A *mozo* lives in a thatched hut with the earth for a floor not because he prefers it. He restricts his personal possessions to a cotton shirt and a pair of trousers, a machete, and a hat, not from any theory that such are the whole requirements of man. He has the minimum only because through generations he has never had a chance to get beyond the minimum. He has worked slowly and indifferently only because employers, drawing their ideas from Europe, have conclusively demonstrated to him that he gets no more by working much than he does by working little. The effects of climate, both on natives and on foreigners, have been greatly exaggerated. The *mozo* does not work hard because he has nothing to work for, and I have observed that the foreigner in the tropics who cannot work hard on account of the climate would have equal difficulty in working hard in any climate which the Lord has as yet devised.

All of this does not mean that the *mozos*, the moment they are paid higher wages, instantly change their habits of

living and become first-class workmen and good citizens. They are human beings and they do exactly what the American people did in 1919 when, for the first time, wages became large. Our people, it will be remembered, found wages so high and work so easy to get that those with a thirst for travel merely sampled jobs—here, there, and everywhere. The fancies of others led them into silk shirts and experiments with gaieties which they had heard of but had not tried. Hardly anyone found it necessary to work a whole week. Theirs was considered a shocking performance—much more shocking than that of an executive who loses his head when his salary is doubled. The real wages in the United States are much higher than in 1919, but there is no extravagance. Workmen and their families have simply moved to a higher plane of living, and they can find a good use for every dollar they earn.

Quite naturally, it takes much longer for a *mozo* to adjust himself to a higher scale, because not only has he never had any money but also he has never known anyone who had any money. Take, for instance, the docks of the United Fruit Company at Santa Marta, Colombia. They are equipped with mechanical banana loaders. The stevedores have a close corporation which restricts wharf jobs to the elect. The men have chosen to work in two gangs in alternate weeks. The speed of their work is regulated by the speed of the loaders, but so well do they keep up that the men on a piece basis will average more than seventy-five dollars a week. That is a lot of money, and they need their off week to spend it. There is a stretch of several miles of road at Santa Marta, and also there are several automobiles for hire. Any

one of these stevedores and his family could scrape along for a year on seventy-five dollars in hard money, and so at first they regarded their earnings as clear—for the responsibility of being the head of a family is not onerous. They took to the automobiles, and thought nothing of crowding into a tonneau and staying there a day or so until their week's wages had gone. That they only dashed up and down the same line of road did not bother them. But now this diversion is less popular and also the *cantinas* do not get so great a proportion as before. Practically all the men now own shoes and a whole suit of clothes, in addition to the shirt and trousers they work in. The women, when they wear any stockings at all, wear silk, and the children have some clothing. And now and again a rocking-chair is bought.

This may seem unimportant, but throughout the Caribbean there are probably eight million people who have never owned a pair of shoes, and should they take to wearing shoes, it would be quite a business and lead to other business, because a shoe is not merely a decoration—it is a defense against the hookworm which saps so much of the vitality of these people everywhere. Up in the interior of Colombia, American engineers are directing a large amount of railroad and road work. A barefooted *mozo* has to use a long-handled shovel, and besides he prefers to use a crowbar rather than a pick. Some of these contractors add a bonus to the wage of the man who wears shoes, for then a short-handled shovel can be given to him. A short-handled shovel is considerably more efficient than a long-handled one, but it needs the aid of a foot, and no bare foot is tough enough. Bare toes also make a man afraid to use the pick. So in several parts of

Colombia the shoe factories cannot keep up with the demand for shoes. On the coast of Honduras, an American company has tried the experiment of setting up a thoroughly modern little shoe factory, with American machinery and American direction but with Honduranian labour. The workmen are drawn entirely from unskilled labour. They have learned to earn on an average of about $3.00 a day, and few of them are any longer living in the old fashion.

In the interior of Colombia, a group of citizens decided to go into the business of making cigarettes. All the domestic cigarettes are hand made and of poor quality, while the imported cigarette had been very expensive. First these men bought up about half a dozen small companies. Then the president, who was a graduate of an American college, spent some months in the United States studying manufacturing. He returned with machinery and several experienced Americans. They set up a factory and began to make a cigarette blended, formed, and packed after the pattern of one of our most popular brands. They introduced their machinery gradually, and at the same time gradually increased wages. They never put in a machine which displaced a number of hand workers without providing work for those whose jobs were taken away. This they rightly regarded as important in a country which is unused to machinery. Now that company has about half a dozen factories. It advertises and sells in exactly American fashion. It is making more money than any domestic enterprise in Colombia. It is paying $2.50 a day to men who, as hand workers, earned less than $1.00 a day, and to girls who formerly earned 40 cents a day it is paying $1.50. When the company started operations, the government

tax on tobacco was 40 cents a kilo. It is now $1.40, but the price and the quality of the cigarettes remain unchanged.

Baking has always been considered a hand affair—just as it used to be with us. In San Salvador half a dozen citizens who had heard that bakeries might be made mechanical, sent one of their number to the United States to look into practices. They bought machinery and established a first-class bakery on a small scale. It has been so successful that they are establishing another one in Guatemala City.

It is the age-old custom of Latin-Americans to build narrow streets flanked by houses with *patios* in the centre. An American who has for years been active in engineering and financial affairs in Barranquilla, thought he would like to build a restricted residential suburb to that city after the American fashion. He got absolutely no response. The people who had the money said that they did not want to live out in the country and they did not want to have ground around their houses. That ought to have been final, but the American refused to believe it. He found that the objections came from the young women. A Latin-American young man does not enter the house to do his courting; he stands on the sidewalk outside a big, barred window, while the girl sits on the window sill inside. The man does not enter the house until he is formally betrothed. If a house did not have any windows opening on a sidewalk, how was a girl ever going to get married?

Thereupon our American concentrated on explaining to a few families the advantages of the American porch. He converted the daughters, and the families built houses and the daughters were most successfully married. Now every family

Taboga, a town in Panama (above). Labourer's quarters on an American plantation nearby.

Victor M. Cutter, president of the United Fruit Company, and the leader of modern progress in the American tropics.

that can dig up the money has bought a plot and is putting up a house in the subdivision. If you can change the customs of courting, you can change anything!

In San José de Costa Rica there are probably more electrical cooking stoves per inhabitant than in any city of our country. In Guatemala City I happened across a salesman for American flashlights who had just sold a merchant a bill amounting to $1500, and he told me he sold this man about the same amount each year, in spite of the fact that German flashlights were being offered at a much lower price. American medical preparations, packed in the American style, are quite expensive, but they are on sale everywhere and people buy them because they know exactly what they are getting. The standard of quality is American.

Every *mozo* carries the long, sharp knife known as a machete. He works with it, eats with it, and fights with it. Whenever he feels keenly bloodthirsty, he brandishes his machete and shrieks, "I'll stick it into you up to where it says Collins." Collins is the name of the Connecticut man who makes many of the machetes. It would not mean anything for a *mozo* to yell, "I'll stick it into you up to where it says Solingen." If it is not made by Collins' it is not a machete. You might as well ask a boy to wear Cinderella brand shoes.

The whole Caribbean is being Americanized, and to some extent in spite of itself. The United Fruit Company chain of stores strung through its various plantations all sell first-class American goods. In Cuba it has already been demonstrated that the American five and ten cent store with its fixed prices can be a success. One of these days some enterprising

American is going to introduce fixed price, high quality, quick turnover stores in some of these Central American cities, and after a fight they, too, are going to be a success, because the cumbersome, catch-as-catch-can, bargaining method which now obtains is there only because these countries know none but old-world methods. And proper merchandising will widen the markets by lowering the prices.

Considered as a home market, the purchasing power of which has to be built up, the Caribbean countries offer a wide opportunity of the sort which the intelligent, constructive American is after. It is no longer a place for the adventurer or the beach-comber.

The greatest protection to this market is the Monroe Doctrine. The delusion still exists in several European countries that the markets of Latin-America may be "captured." Until the new economic significance of these markets is manifest—until commerce is dissociated from politics, then the Monroe Doctrine will be useful as a political stabilizer. The present function of that Doctrine was authoritatively set out by former Secretary of State Charles E. Hughes in a lecture at Princeton University on May 9, 1928. He then said:

"The Doctrine in its essentials may be summarized as being opposed (1) to any non-American action encroaching upon the political independence of American States under any guise, and (2) to the acquisition in any manner of the control of additional territory in this hemisphere by any non-American power.

"This policy of the United States is essentially defensive. It was, and has continued to be, deemed necessary to our security. It is not a policy of aggression and it does not im-

pinge upon the independence and sovereignty of other American States. It does not seek to establish a protectorate over other American States. Our determination to oppose foreign interference leaves them the more secure in the development of their own institutions and in the enjoyment of their proper independence. It is a policy that gives no excuse for aggrandizement on our part at the expense of the Republics to the South of us. It has been stated authoritatively that this doctrine has nothing to do with the commercial relations of any American power, save that it in truth allows each of them to form such as it desires, and that we do not guarantee any State against punishment if it misconducts itself, provided that punishment does not take the form of acquisition of territory by any non-American power.

"It is said by critics of this policy that it is an anachronism. What is meant by this? Either that its application is no longer needed, or, that if there should be an appropriate occasion for its application, it should not be applied. If it be thought that there never will be occasion for the application of the doctrine, as I have sought to define it, the question need not be discussed. It is one of prophecy. It may indeed gratefully be recognized that many of the American Republics have grown strong and are able to resist aggression, and that at present non-American powers do not appear to cherish any purpose to antagonize either the assertion or the maintenance of the principle of the inviolability of the American Republics and their territory. Non-American powers have assumed the obligations of the covenant of the League of Nations. But the 'future' is a long time. No harm is done in maintaining the principle, if it is a sound one, although

happily its validity may not be contested. If we sought to abandon it, we might have as much trouble in showing what it was we had abandoned as we have had in dealing with the Doctrine itself. The formal abandonment might be an invitation to new controversies or might prompt or excuse action which otherwise would not have been contemplated. The real question, in considering the maintenance of the policy, is whether we should defend it if there should be occasion for its application. I do not think that there is any doubt of the prevailing opinion in this country upon that point. I believe that the American people are as firmly opposed as ever to any attempt to encroach upon the political independence of the American States or to the acquisition by a non-American power of the control of additional territory in this hemisphere. It should also be observed that while some of the American Republics are strong, others are relatively weak. This relative weakness notably exists in the Caribbean area where our interest is strongest both by reason of propinquity and the importance of the security of the Panama Canal. Our interest in the immunity from aggression, the stability, the good order, and the peace of the countries in this region would make it advisable for us to announce a similar doctrine, if we did not already have the Monroe Doctrine. We shall rejoice as our immediate neighbours grow in strength and have the added security due to improvements in communications and their political and economic progress. But the Monroe Doctrine stands, threatening none, as a safeguard with which no responsible American statesman would be rash enough to attempt to dispense. If this be true, instead of deriding it, it is important to have

the Doctrine understood, and not to extend it beyond its proper limits. And when we seek to apply it, the grounds of its application should be made clear. . . .

"Confusion has been caused by what appears to be a prevalent notion that the Monroe Doctrine is the justification or excuse for every action that we take in relation to Latin-America. We have other policies; they should be explained, criticized or defended upon their merits; they should neither gain nor lose by confounding them with the Monroe Doctrine. For example, we have a definite policy of protecting the Panama Canal. We deem it to be essential to our national safety to hold the control of the Canal and we could not yield to any foreign power the maintaining of any position which would interfere with our right adequately to protect the Canal or would menace its approaches or the freedom of our communications. This applies just as well to American powers as to non-American powers. We have the right to protect American lives and property when endangered in circumstances and areas where governments have ceased properly to function, and this principle is applied although there may be no prospect of non-American interference and no occasion for applying the Monroe Doctrine. We recognize that other States have a similar right. It is true that our interposition in such cases may have the actual and intended effect of avoiding the interposition of non-American powers and the consequent activities and developments at which the Monroe Doctrine was aimed, but our own right to protect our nationals is quite distinct from the Monroe Doctrine.

"The policy embodied in the Doctrine is an aid to peace.

We have an added reason to promote good order and the peaceful settlement of controversies. And it should be remembered that the United States has used its influence to effect such settlements between the American States and non-American powers. The historic instance of the settlements with respect to Belize, the Bay Islands and the Mosquito Coast in 1858 to 1860, the promotion of the arbitral determination of the boundary line between Venezuela and British Guiana in 1897, which ended a controversy which had existed for the greater part of the nineteenth century, and the disposition of the claims of Germany, Great Britain and Italy against Venezuela in 1902–1904, afford familiar illustrations."

CHAPTER XIX

THE FUTURE OF THE AMERICAN TROPICS

IT will take a long time for the world to realize that not only a new empire has risen in the Caribbean. It will take a generation or more to learn that it is a new kind of empire.

For the notion of political empire dies slowly. And the United States, as well as the countries of the Caribbean and the world, is governed by politicians. The Latin-American is politically minded and almost without any real grasp of the newer thought in economics which proceeds from ascertained facts instead of from reasoned theories.

For instance, there is still much academic attention given to the ideal of a commonwealth of Latin nations after the pattern of the United States. Several such combinations in Central America have failed. They failed because no economic reason appeared for their existence—the people in combination had no larger opportunity to earn than they did without combining. The relations of each of these states with the United States are more economically important than the relations among themselves.

Pan-Latinism cannot be more than an abstract cultural ideal, for the fundamental reason that it cannot add to the wealth of the nations. The League of Nations for the same

reason holds nothing for the Caribbean; it is passionately urged only by those politicians who like trips to Geneva and making speeches. Its most ardent advocate in Central America is a diplomat who prefers to live in Europe rather than in his home country.

The United States has survived as a political unit because it is an economic unit. Transportation over a wide area has provided an open market for the easy interchange of goods. None of the States would be nearly so well off out of the Union as in it. And since the automobile brought more and more flexible transport, the virtues of the Union are even more apparent.

We may adopt the old wordings and talk about the Caribbean as a market for the surplus production of the United States and so on in the usual manner. But, as has been set out in a previous chapter, no one to-day can distinguish between normal production and surplus production. We have learned that the Caribbean is not a place to absorb surplus production but a part of the great American economic unit. Therefore purchasing power must be built and the people educated to want more.

It may be very wrong to disturb the serenity of mankind in any such fashion. But that happens to be the American way and the beneficiaries of the system in the United States do not object. The objections come from those who already have a measure of this world's goods and can comfortably decide that others with a lesser share are really happier as they are. With that attitude this writer has no patience.

The latest and greatest revolution in the United States has been effected by the automobile. We are just learning

that an automobile is something more than a self-propelling machine. It is an economic force of tremendous import.

It has already been demonstrated that, with the aid of medical science, the Caribbean tropics can be inhabited by healthy man. A healthy man can see a future and work for it. The Caribbean has not until recently had any transportation for the reason that no one wanted to go anywhere either for business or for pleasure. Now the new wealth and the new transportation provided by American enterprise have brought an awakening. One of the first results of that awakening is the desire to own automobiles—and then to have roads on which to run them. Hence we find that every one of these countries is planning road systems.

That is the beginning of the automobile revolution which will be a wholly constructive revolution. It must inevitably bring about a higher standard of living—a breaking of the shell of age-old poverty and disease.

Already some of the results of the economic revolution are apparent in the smaller desire for political revolution. Colombia, Costa Rica and Salvador are entirely stable. Honduras in the fall of 1928 had for the first time a really free and orderly election. It seems likely that Nicaragua can be brought back to a full peace and kept there by economic development. Guatemala has had some evidence of disturbance—but that republic has never known other than military rule. Panama is entirely orderly—and this is not merely because it is not permitted to be otherwise than orderly.

What of the future?

Victor M. Cutter, the president of the United Fruit Com-

pany, has thus envisaged the situation from a vantage of profound knowledge:

"Look for a moment at the background and present conditions of this vast area. For over three hundred years it was under Spanish rule, and it was exploited and ruled for profit and not for cultural or economic development.

"It must be remembered that a great percentage of the population was and still is Indian; that only a handful of the Spaniards had any education. It must also be remembered that all of the Latin-American republics are young, that they have had and are having a difficult time in educating their people, in assimilating and raising the cultural and economic level of the bulk of the Indian population, that their governmental problems have been hampered by lack of communications, and in consideration of all the difficulties, their progress during the hundred years of their freedom has been remarkable.

"At the present time their governments are more stable than ever before. Only in a few minor instances are there likely to be serious political disturbances. It must be remembered that only during the past quarter-century have means of communication developed to a sufficient extent to make possible reasonably efficient administration of law and order throughout the vast territories in question.

"However, with law and order established and means of communication at hand, the whole of Latin-America is on the threshold of an economic development which will astound the world. It is certain the next ten years will witness greater economic progress than all the years since the Spanish Conquest.

"Under these conditions it is time to discuss Latin-America in terms of industry and commerce, rather than in terms of culture and politics. In the past, discussion has centred around the Monroe Doctrine, revolutions, politics, cultural relations, and academic subjects which are only of interest and can only be of value after means of transportation and communication and sound commercial relations have been established.

"Our relations with Latin-America have undoubtedly been hampered by a handful of politicians in their countries and in ours; they have been hampered more by some of our own citizens, probably with good intentions, but highly misinformed. I refer to the type of radicals who take particular pleasure in discussion of our foreign affairs in the forum type of meeting and who are not embarrassed by lack of knowledge of facts, and also to that class of people who are always willing to criticize our own Government and Administration, also without knowledge of the facts. They are vociferous without having any investment or real interest in Latin-America, and their voices have had undue influence.

"At this particular time when the resources of Latin-America are being developed and improved transportation and communication are bringing us into closer contact than ever before, there is greater possibility for harm from loose criticism, playing politics, criticism of our own Government, and hurtful propaganda than at any previous time in our history.

"It must be remembered that a foreign loan is not necessarily an international complication nor is a United States citizen abroad to be considered as a possible diplomatic incident. Our whole people, and our Government, want noth-

ing of other peoples except friendship and an opportunity for our citizens to do business and to live and hold property in security, according to the laws and without desire to call on our State Department for protection or diplomatic intervention.

"It is time for business men, not to engage in propaganda, but to state the facts, and even better, to act, to study the situation and prepare to increase our business relations with the vast trading area in Latin-America which is of the greatest importance to our bankers and business men.

"No sensible business man of to-day is imperialistic, because imperialism is an outworn policy from an economic, political, or any other point of view. Our Government has on several occasions plainly stated that its aims are not imperialistic. It has also stated that it is ready to protect its citizens and their property in foreign countries when they deserve protection. There is nothing imperialistic or aggressive in this pronouncement, and in fact it is the established policy of every sovereign nation.

"Imperialism is beside the question when the people of two great areas, one manufacturing and exporting, the other agricultural and importing, have mutual need of each other, and when one great people is in a position to loan to another with vast undeveloped resources the large amounts of capital which are necessary in any broad plan of economic development and progress.

"It is fair to ask whether we shall loan money and export our splendid machinery and equipment to Latin-America, just as Europe until recent years did to the United States,

Panama City as it is to-day.

Herbert Hoover, as President-elect, landing at Amapala, Honduras.

or whether we shall withhold the legitimate help which we can render and thus retard the progress of Latin-America for many years, or whether we shall, because of lack of confidence in the common sense and integrity of the business men among our citizens, leave this area to be developed by the citizens of other countries.

"Have we less confidence in the business men of the United States than in those of Europe? There is no doubt that our business men know that unfair methods, monopolistic concessions, and economic imperialism are impossible bases for the building of mutually profitable business. Our financiers and industrialists of to-day know that permanent development and mutually profitable trade can only be built when the terms are fair to both parties. We know that the Governments and business men of Latin-America know goods, values, and fair terms, and that they are ready to trade.

"Under these conditions it is time to quit talking politics, revolutions, racial differences, imperialism, and all bunk, and to take action along mutually beneficial economic lines.

"Conditions are greatly improved to-day, but it is true that there are still difficulties. There is unwise legislation, not unlike that in our own country. It is probably true that commerce and industrial development in Latin-America to-day present somewhat greater difficulties and require a higher type of management and character than elsewhere, but increased communications are rapidly diminishing the difficulties. Certainly there is nothing insuperable in successful conduct of business in Latin-America to-day.

"There are hundreds of opportunities awaiting our cap-

ital, skilled engineers, motor cars, and machinery. Power and light for a whole continent is waiting for development. Railways and tramways are being extended. Road building is in its infancy. Outside of bananas, sugar, and coffee, agriculture on a large scale is practically unknown. Cotton, tobacco, cacao, fruits, wool, and rubber all await development. Mining contracts are available. Oil is present in abundance. Department stores are still unknown. Merchandising and banking still offer great opportunities. These are only a few of the opportunities.

"Banking connections are not yet sufficient. We have loaned abroad a total of about eleven billions since the World War. Of this amount the loans to Latin-America in the last few years have been large. There is still an opportunity, and will be for years to come, to employ a part of our great wealth in the countries which need it. For the next few years at least, capital will be our principal export.

"Loans should go to countries where United States industrial companies and development are welcome, and where such companies are desired and assisted, and where the money is wisely expended for utilities in development of natural resources and roads.

"Capital should not go where it is wasted or where United States trade and exports are not welcome, where our industrial and utility companies are not allowed to operate on equal terms, because in this case our own capital will aid in developing for European countries a market which is naturally ours, and as soon as Europe has money to lend, our banking business will diminish and disappear. We must

co-ordinate our foreign industrial development and banking.

"We lack men trained in foreign banking and trade to meet this situation. We are not yet internationally-minded. We must loan money to finance our exports. We must export and loan where we can develop the best permanent trade. We need wool, minerals, oil, sugar, coffee, fruits, and agricultural products from the countries to the south of us. Those countries need our manufactured goods, motor cars and machinery, our skilled men and capital. Our best and natural market is Latin-America.

"The destiny of Latin-America is yet to be decided. Its economic, political, and cultural development is now in the formative stage. It is a comparatively simple matter to cooperate with Latin-America so that this area will immediately gain all the benefit of our industry, experience, organization, and capital upon terms profitable to both, which will leave the rights and resources of Latin-America unimpaired."

The progression of the economic empire of the Caribbean is inevitable. It is solidly founded. For a long while it will continue to be confused with political empire.

From time to time its makers will be harassed by laws and outbursts founded on the outworn theories of European socialism. Colombia has already given examples of that in certain laws concerning oil. Similarly founded laws passed within the United States may for a time hamper the progress. We have many examples of laws founded on sincere economic ignorance and always they do exactly the reverse of what

their well intentioned sponsors expected them to do. Many an uplifting political slogan has brought only poverty.

However, all of these things hold their own cure—they vanish before the test of experience.

No one doubts the benefits of health and wealth. These are the only forces of moment in the new empire. They are omnipotent forces. And so the empire must go on a-building.

THE BOOK ENDS

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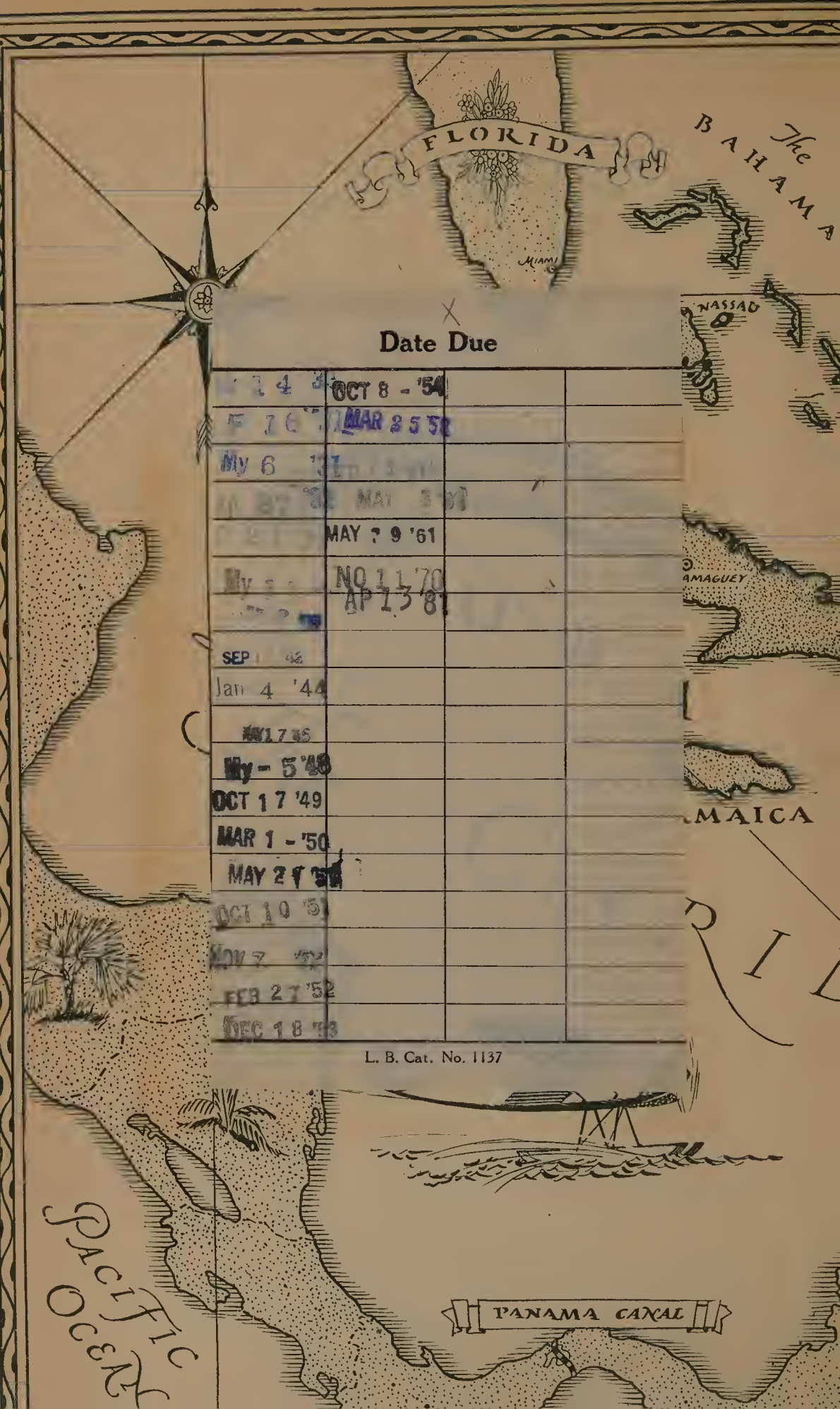

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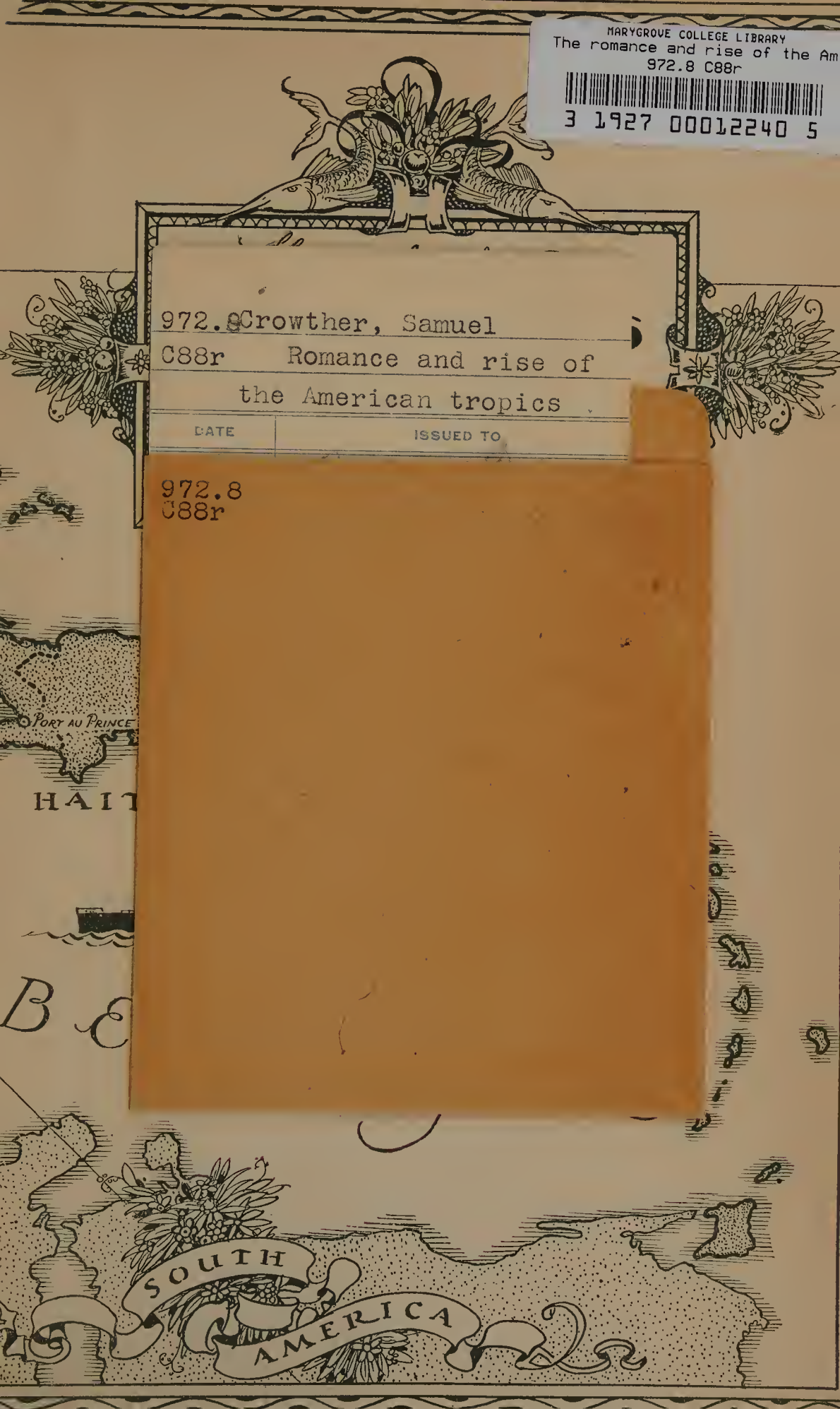
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